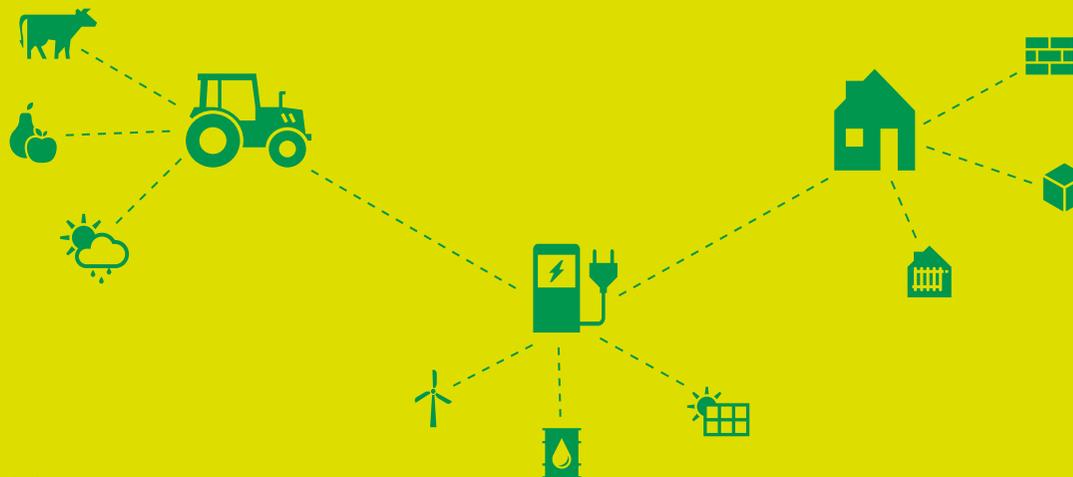




GROWING TOGETHER

Acting responsibly.



Contents of the report

Introduction

› Foreword from the CEO	3
› About this report	4
› Results of the materiality analysis	5
› Profile of BayWa	6



Strategy and Governance

› Sustainability approach of BayWa	9
› Binding values	11
› Good Corporate Governance	12
› Compliance and data protection	14
› Dialogue with stakeholders	16



Market

› Business development and performance	18
› Supplier management and procurement	21
› Value chain illustration	22
› Social and environmental responsibility in the supply chain	28



Environment and Climate

› Environmental management	30
› Energy consumption and greenhouse gas emissions	31
› Water and waste water	34
› Transport and logistics	37



Employees

› Human resources strategy and employment structure	41
› Diversity and equal opportunities	44
› Training	46
› Occupational health and safety	47



Quality of Life

› Comprehensive product responsibility – regarding product range and services	50
› Certification of processes and product labelling	51
› BayWa Foundation and sponsorships	53

Appendix

› BayWa's sustainability objectives	54
› GRI Content Index	55
› Imprint	60



Dear Readers,



Prof. Klaus Josef Lutz
Chief Executive Officer of BayWa AG

The global population is growing by 80 million people a year – which is equal to the population of Germany alone. To make sure every one of them has a chance at a liveable future, the United Nations (UN) aims to end hunger, provide clean and affordable energy, promote good jobs and economic growth, and achieve much more by 2030 through its sustainable development goals. At BayWa, we see this as our responsibility and as an opportunity to create genuine added value for society.

BayWa's international focus in the fields of agriculture, energy and building materials provides answers to the globally growing need for food, heat, electricity and healthy housing. For example, a "revolutionary evolution" is currently under way in agriculture, with digitalisation supporting, optimising and connecting a growing number of processes. Through its new "Innovation & Digitalisation Segment", BayWa is supporting its customers in using energy and commodities more efficiently and conserving natural resources. Digitalisation also makes it easier to measure our sustainability objectives and key performance indicators.

For generations, our cooperative roots have shaped the relationships built on trust that we have maintained with our customers and partners. BayWa intends to involve its stakeholders and employees even more

closely in the future to continue combining growth with sustainable development. As an example, the Group strives to integrate sustainability criteria into the selection and evaluation process of its suppliers.

At the same time, I believe that dedication to responsibility starts at home – which is why we are constantly working to improve our social and environmental performance. In summer 2016, for example, BayWa signed the Klimapakt der Münchner Wirtschaft, an initiative by companies in Munich to significantly reduce CO₂ emissions. One way we are making a difference is by remodelling our headquarters to meet high environmental standards. In our third Sustainability Report, we present the achievements, targets and solutions that will allow BayWa to continue promoting innovations for the good of society in the future.

We hope you enjoy reading our report, and we look forward to your feedback!

Best regards,

Prof. Klaus Josef Lutz
Chief Executive Officer at BayWa AG



About this report

G4-17, G4-18, G4-23, G4-24, G4-25, G4-26, G4-27

With its third Sustainability Report, BayWa gives an account of its corporate responsibility. The company describes the impact of its operations on the environment and society, documents key figures and presents objectives and measures that it uses to manage its activities. Unless otherwise indicated, the information in the report relates to the locations of BayWa AG, which are primarily located in Germany and Austria, as well as those of the subsidiary BayWa r.e. renewable energy GmbH (short: BayWa r.e.), which is primarily active in Europe and the United States. As in the previous year, the subsidiaries Cefetra B.V., the Netherlands, RWA Raiffeisen Ware Austria AG (short: RWA AG) and "UNSER LAGERHAUS" Warenhandelsgesellschaft m.b.H. (short: "UNSER LAGERHAUS"), both Austria, are also included. The subsidiaries of BayWa r.e. (consolidated data, short: BayWa r.e. Group) and the New Zealand subsidiary T&G Global Limited (short: T&G Global) were included for the first time. These companies account for more than three-quarters of the BayWa Group's revenues. In the long term, the company plans to include all locations around the world.

The reporting period is the financial year 2016 (1 January to 31 December). Where available, data from the previous year is included for comparison. Reporting is carried out annually. The previous Sustainability Report was published in June 2016. The Sustainability Report is reviewed by the Board of Management of BayWa AG and approved for release.

Note from the editor: For improved readability, the report consistently uses the masculine form with regard to gender-specific expressions. The editorial deadline was 15 May 2017. This Sustainability Report is available in German and English.

Materiality analysis and determining the content of report

The report was prepared in accordance with the current G4 Guidelines of the Global Reporting Initiative (GRI). In autumn 2016, in preparation for the report, BayWa AG updated the materiality analysis, which was first conducted in 2014. In that process, based on the 17 Sustainable Development Goals of the United Nations (SDGs), the sustainability steering committee identified at a workshop the challenges most relevant to BayWa from a business and social perspective. With the help of an external moderator, the participants assumed the point of view of the three stakeholder groups that are most relevant to BayWa AG: customers, suppliers and employees. In BayWa's experience, these groups have the biggest impact on the company. At the same time, they are also the groups most strongly affected by the company's activities. Using an overall scale from 1 (insignificant) to 10 (extremely relevant), 11 of the SDGs had an average rating of more than 7 and were therefore classed as significant (see p. 5 for the results). The various aspects of the SDGs, including the GRI Sector Disclosures Food Processing, and Oil and Gas, determined the content of the report.

 [German-language version of the Sustainability Report.](#)

Results of the materiality analysis

G4-19, G4-20, G4-21

Key challenges based on the UN Sustainable Development Goals (SDG)¹ and corresponding GRI aspects

Ensure Sustainable Production, Trade and Consumption

SDG²: 12. Ensure sustainable consumption and production patterns

Assessment: 8.6

Aspects³: Emissions (i, o), Energy (i, o), Total Environmental Protection Expenditures and Investments (i), Sourcing/Suppliers (i, o), Product and Service Labeling (i, o), Products and Services (Environmental) (i, o), Effluents and Waste (i, o), Supplier Environmental/Social/Human Rights Assessment and for Labor Practices (o)



Promote Health

SDG²: 3. Ensure healthy lives and promote well-being for all at all ages

Assessment: 8.5

Aspects³: Indirect Economic Impacts (i,o), Emissions (i, o), Healthy and Affordable Food (i, o), Product and Service Labeling (i, o), Customer Health and Safety (i, o), Occupational Health and Safety (i), Effluents and Waste (i, o)



Develop New Global Partnerships

SDG²: 17. Strengthen the means of implementation and revitalize the global partnership for sustainable development

Assessment: 7.8

Aspects³: Total Environmental Expenditures and Investments (i, o), Indirect Economic Impacts (i, o), Supplier Environmental/Social/Human Rights Assessment and for Labor Practices (o)



Achieve Food Security and Sustainable Agriculture

SDG²: 2. End hunger

Assessment: 7.5

Aspects³: Indirect Economic Impacts (i,o), Product and Service Labeling (i, o), Customer Health and Safety (i, o), Healthy and Affordable Food (i, o), Economic Value Generated and Distributed (i, o), Fossil Fuel Substitutes (o), Supplier Environmental/Social/Human Rights Assessment and for Labor Practices (o)



Promote Peace and Constitutional Justice

SDG²: 16. Peace, justice and effective institutions

Assessment: 7.5

Aspects³: Anti-Corruption (i, o), Compliance (Environmental; i, o & Society; i & Product Responsibility; i, o), Anti-competitive Behaviour (i), Public Policy (i), Customer Health and Safety (i, o), Product and Service Labeling (i, o), Grievance Mechanisms for Labour Practices (i, o); Human Rights (o); Social Impacts (o), Non-discrimination (i, o), Supplier Assessment for Labor Practices (o)



Achieve Sustainable Growth and Fair Working Conditions

SDG²: 8. Decent work and sustainable economic growth

Assessment: 7.5

Aspekte³: Indirect Economic Impacts (o), Diversity & Equal Opportunity (i), Procurement (i), Economic Value Generated and Distributed (i, o), Training and Education (i), Employment (i), Energy (i, o), Equal Remuneration for Women and Men (i), Supplier Assessment for Labor Practices (o), Non-discrimination (i), Occupational Health and Safety (i), Products and Services (Environmental; i, o)



Ensure Climate Protection and Production of Sustainable Energy

SDG²: 13. Measures to combat climate change
7. Affordable and sustainable energy

Assessment: 7.4

Aspects³: Energy (i, o), Total Environmental Protection Expenditures and Investments (i,o), Emissions (i, o), Products and Services (Environmental; i, o) Transport (i, o), Economic Value Generated and Distributed (i, o), Indirect Economic Impacts (i, o), Supplier Environmental Assessment (o)



Achieve Equality

SDG²: 5. Gender equality
10. Reducing inequality

Assessment: 7.4

Aspects³: Procurement (o), Equal Remuneration for Women and Men (i), Employment (i), Training and Education (i), Diversity and Equal Opportunity (i), Economic Value Generated and Distributed (i, o), Indirect Economic Value (i, o), Non-discrimination (i, o), Supplier Assessment for Labour Practices (o)



Protect Terrestrial Ecosystems

SDG²: 15. Life on earth

Assessment: 7.1

Aspekte³: Procurement (i), Total Environmental Protection Expenditures and Investments (i, o), Emissions (i, o), Products and Services (Environmental; i, o), Transport (i, o), Effluents and Waste (i), Supplier Environmental Assessment (a)



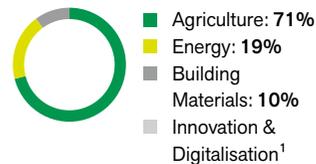
¹ The following SDGs were assigned a score of less than seven and were therefore considered insignificant for BayWa: Availability of Water and Sanitation; Quality Education; Industry, Innovation and Infrastructure; Sustainable Cities and Human Settlements; End Poverty and Marine Biodiversity. For information on the methodology, see page 4.
² Source: UN Sustainable Development Goals, [UN Guidelines for Use of SDG logo and 17 icons](#).
³ Significant within (i) or outside (o) the organisation; attribution to multiple categories possible; the contribution follows: [Linking the SDGs and GRI](#); attribution to multiple categories possible.

Profile of BayWa

Revenues

2016: €15.4 billion

2015: €14.9 billion



¹ The segment Innovation & Digitalisation was created in 2016; it therefore makes up less than 1%.

EBIT

2016: €144.7 million

2015: €158.1 million

➤ See also Consolidated Financial Statements

BayWa is an international trading, sales, logistics and service group in the fields of agriculture, building materials, energy, innovation and digitalisation. The company has reported a profit every year since its founding in 1928, allowing it to also remain true to its non-financial values. Despite being a major, globally active company, BayWa is committed to a culture that has been strongly influenced by the cooperative philosophy. The five-member Board of Management, chaired by Prof. Klaus Josef Lutz, focuses on trust, solidity and innovation as the basic principles of the company's business practices – and successfully so: in 2016, BayWa's revenues rose by 3.4% year on year to €15.4 billion. This development was also due in part to the growing agricultural trade business division. BayWa has been listed in the Prime Standard segment of the German Stock Exchange since 2000, reflecting the company's high standards of transparency towards its owners. The largest groups of shareholders include Bayerische Raiffeisen-Beteiligungs-AG, with a stake of 34.99%, and Raiffeisen Agrar Invest GmbH, holding a 25.09% stake. An additional 39.92% are free float.

International and local support

From its headquarters in Munich, BayWa coordinates around 3,000 locations in 40 countries. Its most important markets are Europe, the US and New Zealand. The Group maintains additional business relationships from Asia to South America. These relationships benefit from an

international procurement and trading system. Tapping into new markets is at the centre of the growth strategy. In 2016, the company generated total revenues of about €9.2 billion abroad, which corresponds to a threefold increase since 2008. BayWa is able to achieve this constant growth by relying on its 17,932 employees, 50.1% of whom are active in Germany. They represent the values built on partnership in the eyes of BayWa's customers, most of whom are farmers, foresters, consumers and manufacturers, as well as commercial enterprises and trading companies. A full-coverage sales network and extensive digital offerings allow the company to be close to the customers, who appreciate BayWa's well-trained, expert staff as well as its independent selection of products and services from roughly 32,000 suppliers. Since 1998, the BayWa Foundation has been promoting healthy nutrition and renewable energy globally through sustainable education projects.

Specialising in customer needs

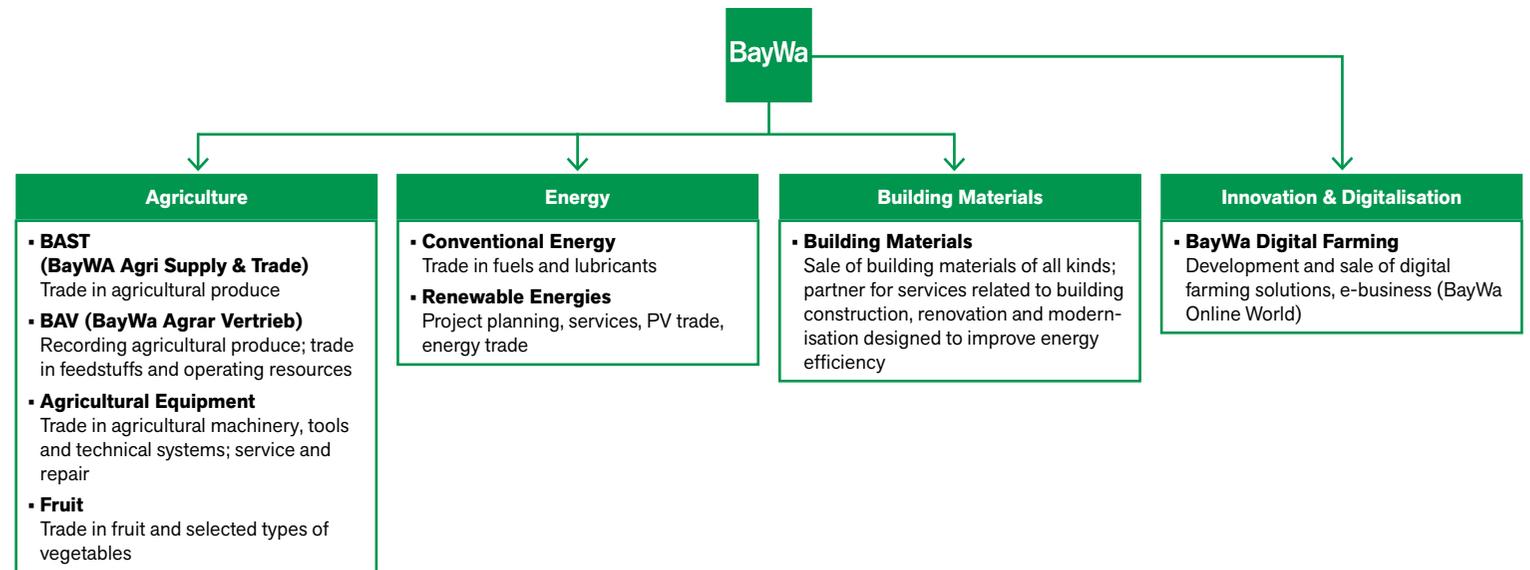
BayWa's operating business units are dedicated to meeting basic human needs such as food, heat, shelter and mobility. The Group is divided into four areas (see diagram p.6). More than two-thirds of revenues are generated in the Agriculture Segment, where BayWa provides products and services throughout the entire value chain. The Group is also a leading international supplier of exotic and pome fruit. By acquiring TFC Holland B.V., BayWa expanded its business with agri-

G4-17

cultural specialities, such as tropical fruit, in 2016. The company also focuses on diversity when it comes to energy and renewable energy in particular. The portfolio of energy carriers is constantly being expanded, as are the depth of value creation and number of national markets – through the entry into South East Asia in 2016, for example. The Building Materials Segment mainly comprises the professional building

materials trade, in which the BayWa Group is one of the leading suppliers in Germany and Austria. The Innovation & Digitalisation Segment, which has been independent since the third quarter of 2016, pools the e-commerce activities at the Group and offers customers digital solutions and advice on optimising agricultural processes.

Structure of the BayWa Group





Strategy and Governance

- [› Sustainability approach of BayWa](#)
- [› Binding values](#)
- [› Good Corporate Governance](#)
- [› Compliance and data protection](#)
- [› Dialogue with stakeholders](#)

In the reporting year, BayWa aligned its sustainability management system with selected objectives from the 17 Sustainable Development Goals of the United Nations (UN) to address global opportunities and risks more consistently. In future, the results of this materiality analysis will serve as the basis for the company's sustainability strategy and reporting.



Source: UN Sustainable Development Goals, UN Guidelines for Use of SDG logo and 17 icons.
Goals that were not identified as material are greyed out. For information on the goals, see page 9 in this report and BayWa Company Brochure 2016 from page 25.

Sustainability approach of BayWa

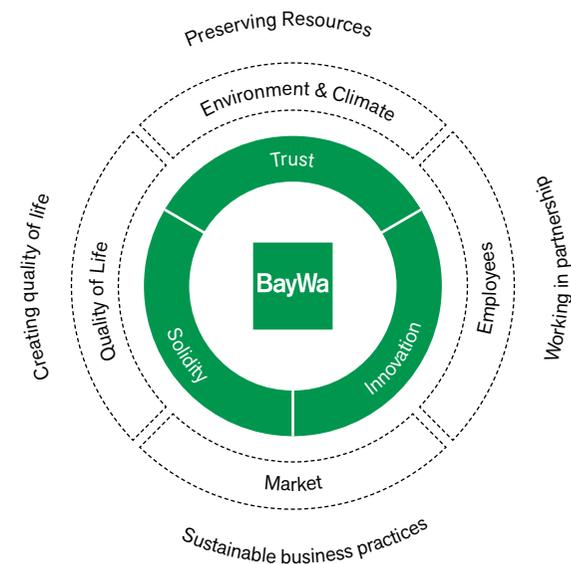
Tradition and innovation shape BayWa's understanding of sustainability. The company has always combined solid, profitable growth with a focus on the interests of future generations. BayWa's trusting relationships with customers, employees, investors and suppliers are shaped by its origins as a cooperative. 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.

BayWa's sustainability steering committee reviewed this strategic orientation in the reporting period. That involved updating its materiality analysis in line with selected objectives from the United Nations Sustainable Development Goals. The results of that process will serve as the future basis for sustainability management and reporting. The key goals for the success of BayWa's business, and for its stakeholders, are "ensure sustainable production, trade and consumption", "promote health", "develop new global partnerships" and "achieve food security and sustainable agriculture" (see results – materiality analysis p. 5). BayWa pursues its **sustainability objectives** for the period through to 2020 by means of a clear organisational structure, which it will revise and refine in 2017.

In 2017, BayWa will strategically refine its sustainability management system to align it with the United Nations (UN) Sustainable Development Goals.

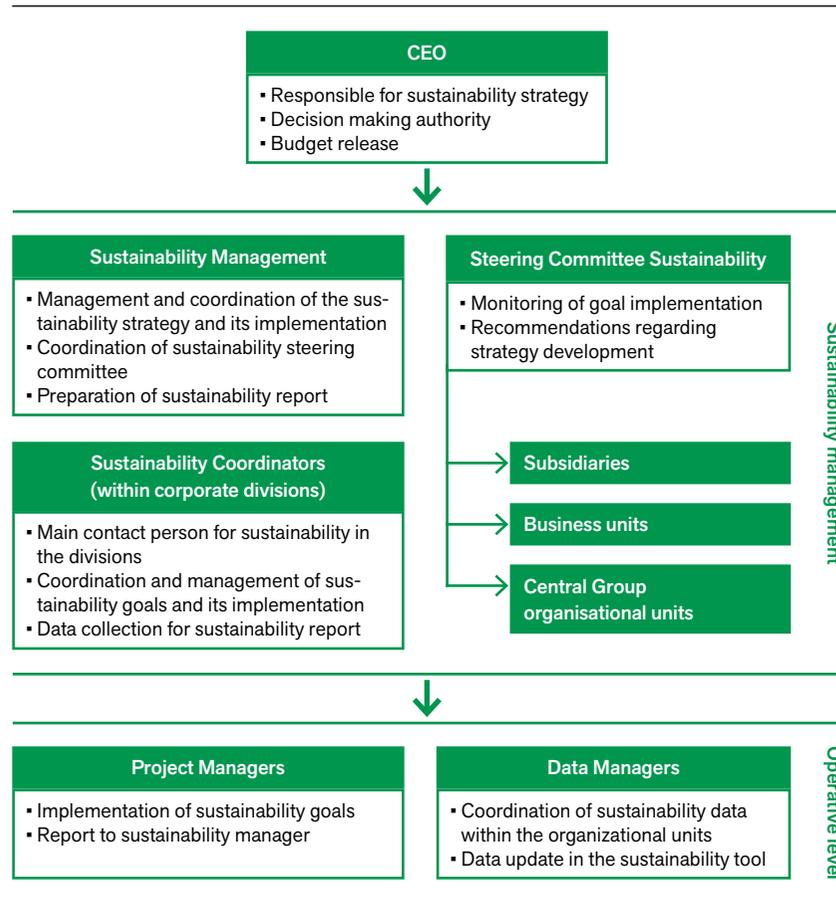
 [BayWa's sustainability objectives](#)

BayWa's sustainability strategy



G4-17

Organisational structure, sustainability, BayWa Group



Sustainability organisation

The corporate sustainability division manages and further develops the topic Group-wide and reports directly to the CEO. The sustainability 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. The corporate divisions and companies included in this report have permanent contacts for matters relating to sustainability (see adjacent diagram).

Expanded scope of reporting

Besides the parent company, BayWa AG, the BayWa Group comprises 294 fully consolidated companies. As in the previous year, along with BayWa AG and BayWa r.e. renewable energy GmbH (both Germany), this report includes the subsidiaries "UNSER LAGERHAUS" Warenhandels-gesellschaft m.b.H., RWA Raiffeisen Ware Austria AG (both Austria) and the Cefetra B.V. (the Netherlands), in which BayWa holds a respective majority stake. It was expanded by the subsidiaries of the BayWa r.e. Group which generated revenue of €945.7 million and T&G Global (New Zealand), which generated revenue of €551.3 million. This report therefore covers about three-quarters of consolidated revenues.

Binding values

🔗 [BayWa's Corporate Guidelines](#)

🔗 [Brand mission](#)

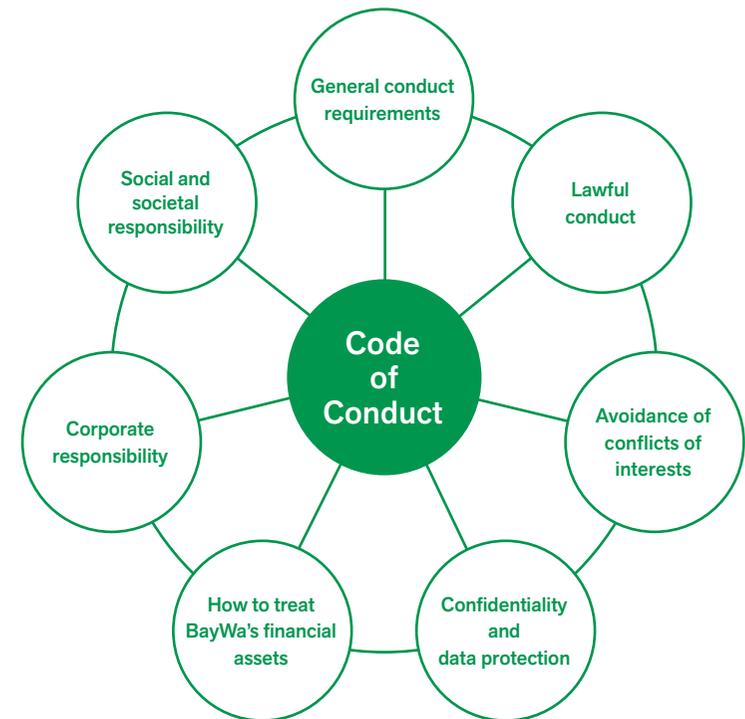
A sustainable approach is an important element of BayWa's **Corporate Guidelines**. The **company's brand** mission allows it to present partners and customers with a uniform and reliable image of what it stands for: trust, solidity and innovation.

BayWa expects its employees to display ethically and legally impeccable conduct towards suppliers, customers, colleagues and society. The Code of Conduct defines appropriate binding values that apply to all employees, managers and Board of Management members. 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. Provided this standard is met, the individual companies are at liberty to implement their own principles governing conduct, examples of which can be seen at RWA AG, which has its own code of conduct; at Cefetra B.V., which has an employee guide including a code of conduct; and at "UNSER LAGERHAUS" and BayWa r.e., which have established their own codes of ethics.

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 was published in the form of a practice-oriented brochure and microsite in April 2016.

Components of BayWa's Code of Conduct



The Code of Conduct calls on managers, in particular, to set a good example and to deal with employees fairly and respectfully.

Good Corporate Governance

➤ See also 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 2016, as in the previous year, 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. It 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. Personal qualifications are a key factor for appointments to the Supervisory Board and Board of Management.

BayWa AG is a publicly listed stock corporation (Aktiengesellschaft) subject to codetermination on the basis of parity. For such companies, the German Equal Participation of Women and Men in Leadership Positions in the Private and Public Sector Act stipulates a fixed gender quota of 30 percent women on supervisory boards, which BayWa AG takes into account when making job appointments. On 5 August 2015, the Supervisory Board defined a legally required target for women on the Board of Management of 0 percent by 30 June 2017. As at 30 June 2017, the Board of Management of BayWa AG also set as targets quotas of 18 percent women in the top executive tier and 12 percent women in the second executive tier.

Beyond the legal requirements, in accordance with its Articles of Association, BayWa AG also has a **Cooperative Council**, which gives farmers the opportunity to broach issues directly with the Board of Management and Supervisory Board.



➤ See also the Opportunity and Risk Report in the Consolidated Financial Statements, page 36

Excluding 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 at customers or business partners. No acting members of BayWa's Board of Management belong to the Supervisory Board. There were no conflicts of interest on the Board of Management or on the Supervisory Board in the financial year 2016.

Remuneration and training

The remuneration system for 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 2016, total remuneration of the Group's Board of Management amounted to €6.910 million (2015: €6.326 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 2016, total remuneration of the Supervisory Board amounted to €0.761 million (2015: €0.686 million).

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 inde-

pendently. 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 every two weeks. It monitors business development 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 key sustainability topics and the strategic realignment of sustainability management at the BayWa Group were areas of focus in the reporting year.

Compliance and data protection

Regular communication between the compliance officers at BayWa's affiliated companies and BayWa AG's Chief Compliance Officer ensures Group-wide compliance with uniform standards.

BayWa AG is subject to German and European laws, as well as the laws of the countries where it has affiliated companies. A preventive **compliance management system** ensures compliance with legal regulations and internal policies. All operational affiliated companies in which BayWa holds a majority stake are included in this system.

Clear organisation

The Corporate Compliance organisational unit is headed by the Chief Compliance Officer, who reports directly to the Chief Executive Officer. The focus of its activities is antitrust law and preventing corruption, as

well as guaranteeing compliance through policies, training, consultation and internal investigations. Corporate Compliance and Corporate Audit work together closely to investigate antitrust or criminal issues. The Group-wide implementation of the compliance regulations by Corporate Compliance is supported by compliance officers in the business sectors and at Group companies in which BayWa holds a majority stake. They report to the central department regularly. RWA AG and BayWa r.e. have their own compliance management systems, which are headed by compliance officers. They communicate regularly with BayWa's Corporate Compliance organisational unit.

Auditing of the defined focal points (see adjacent table) has been performed by Group Audit since 2015. In 2016, 19 of the planned 25 audits were performed at companies in which BayWa holds a majority stake. A further 30 audits are planned in 2017. All the BayWa business sectors were assessed in the course of 21 additional compliance workshops. No significant risk of corruption was determined.

The topics of foreign trade law, data protection and data security are managed by independent functions at the company. Since 2015, BayWa has met the complex legal requirements for the export of goods by appointing export officers in all business sectors and giving managing directors at its affiliated companies responsibility for the topic.

Compliance audit areas

	Audit focal points
Antitrust law	Horizontal and vertical relationships (Agreements among competitors or between supplier and buyer; 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

G4-27

Compliance training is mandatory for managers and employees who have direct contact with customers, suppliers or competitors. All the affected employees at BayWa AG have now received training at least once.

Regular training

BayWa creates a uniform understanding of compliance at the Group by means of on-site and online training courses. All guidelines are available on the intranet. In the reporting year, a total of 251 employees took part in on-site compliance training courses, and 7,783 employees completed online training for antitrust law and anti-corruption online (see table). The aim is to regularly refresh their knowledge and to train new employees in a timely manner. Since 2015, BayWa has used online training to raise awareness of data protection in the workplace among its staff. In 2016, 2,989 employees from throughout the Group completed the voluntary course and mandatory online survey. BayWa was also able to expand its online training to five further Group companies.

Complaints procedures and violations

Customer complaints submitted to BayWa in person, by phone, by email, by fax or by post are forwarded to the relevant department directly or via a complaint management system. If employees suspect that a certain procedure or transaction is not compliant with the law, they can report it to the Compliance department at BayWa AG and its subsidiaries. It will review the report and take any steps that may be necessary. Since December 2015, employees have been able to make reports through an anonymous whistle-blower system. That is also the case at Cefetra B.V. All such reports are treated confidentially. Alternatively, employees can

inform a trusted external lawyer about their suspicions. In January 2016, the German federal antitrust authority (Bundeskartellamt) conducted searches of a number of offices at BayWa headquarters on the basis of a warrant issued by Bonn district court. The company is assisting the anti-trust authority in its investigations. The investigations continue, and the results or partial results were not available at the time of the conclusion of the consolidated financial statements. No financial penalties for non-compliance with the law or legal requirements were imposed on BayWa AG in 2016. The Group and its companies are not involved in any legal proceedings or arbitration proceedings that could have a major influence on its economic situation. Such court cases are also not foreseeable.

Participants in BayWa AG's compliance and data protection training courses

	2015	2016
Compliance Basics ¹	1,337	251
Data protection	265	75
On-site training courses (total)	1,602	326
Anti-corruption	445	3,884
Antitrust law	366	3,899
Data protection online	6,038	2,721
Online training courses (total)	6,849	10,504

¹ Includes on-site training for anti-corruption, compliance fundamentals including antitrust law, anti-corruption and antitrust law in depth.

Dialogue with stakeholders

G4-24, G4-26, G4-27

Customers, suppliers, employees, shareholders and the general public are BayWa's most important stakeholders.

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. At 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. The Agriculture Segment surveyed more than 1,000 organic farmers in Germany in the reporting year.

changes. Employees can submit their ideas for improvement through the employee suggestion scheme. A total of 338 ideas were received in 2016 (2015: 416).

BayWa promptly and regularly informs **investors** of the business assets, financial position, performance and earnings of the Group, placing the utmost value on equal treatment. The Board of Management engages in dialogue with analysts and institutional investors at one-on-one meetings and roadshows. Shareholders can address critical concerns at the Annual General Meeting, or write to the Board of Management and the Supervisory Board.

In the reporting year, the Board of Management's members adopted positions on current topics as part of presentations they gave or in podium discussions. In addition, they are represented in some 150 associations, clubs and academic institutions, including DLG e.V., Deutscher Raiffeisenverband e.V., Deutsche Unternehmensinitiative Energieeffizienz 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. A survey conducted by BayWa AG allowed 3,280 participants to communicate their expectations with regard to the company's sustainability performance.

More than 70 percent of the 3,280 stakeholders that were interviewed consider it important that BayWa promotes sustainable agriculture. More than 50 percent moreover emphasise social responsibility across the supply chain.

BayWa cultivates strategic dialogue with **suppliers**, such as through annual audits. During the harvest season, the Fruit business unit's wholesale markets inform producers about quality requirements, acceptance times and current market conditions. The Agricultural Equipment business unit provides suppliers with new product information and training on a quarterly basis, while BayWa subsidiary Cefetra B.V. is in regular dialogue with its suppliers through various sustainability certification schemes and audits, especially for soya.

BayWa r.e.'s activities, for example the construction of wind power plants, depend on transparency and timely, intensive dialogue with the community and local authorities.

BayWa informs its **employees** of current developments through the employee magazine and the intranet. One member of the Board of Management and the head of Human Resources always take part at employee meetings convened by the Works Council. Cefetra B.V. uses this approach to inform employees four times a year of operational





Market

[› Business development and performance](#)

[› Supplier management and procurement](#)

[› Value chain illustration](#)

[› Social and environmental responsibility in the supply chain](#)



With annual production of 106 million tonnes of soya, Brazil is the world's second largest producer of soya and the most important supplier to BayWa's Dutch subsidiary Cefetra B.V. One of the new projects within the responsible soya program is the partnership with Bayer AG, to make the production of soya bean more sustainable, in both human and environmental terms. In 2015, Cefetra B.V. and Bayer AG engaged in a pilot project regarding responsible soya production. While in 2015, 100,000 tonnes of soya were certified according to the Certified Responsible Soya (CRS) standard, in 2016, 389,000 tonnes of soya received certification.

"Cefetra B.V. plans to further develop its leading role in the trading of certified sustainable soya in the future. An important factor in that process is local support for farmers. Within projects such as with the Bayer AG, Cefetra B.V. is able to create synergies by which farmers are assisted in the process towards sustainable production and in achieving certification."

Roel Baakman, Specialist Sustainability & Animal Nutrition at Cefetra B.V.

Business development and performance

G4-22

The BayWa Group's focus on Europe is increasingly complimented by activities in the United States, New Zealand, Asia, Africa and South America. In 2016, approximately 60 percent of consolidated revenues were generated abroad.

Overall, the BayWa Group is represented at almost 3,000 locations in 40 countries through direct or indirect holdings. More than 850 of these locations are in Germany. The subsidiaries included in this report are good examples of BayWa's international business: Cefetra B.V. in Rotterdam (the Netherlands), RWA Raiffeisen Ware Austria AG (Austria), "UNSER LAGERHAUS" Warenhandelsgesellschaft m.b.H. (Austria), BayWa r.e. renewable energy GmbH and T&G Global (New Zealand). They also made significant contributions to the EBIT of the BayWa Group. However, EBIT decreased by 8.5 percent compared to 2015, to €144.7 million (2015: €158.1 million), due to unfavourable conditions in the Agriculture Segment in the reporting year. The Board of Management and the Supervisory Board will propose an unchanged dividend of €0.85 per share to the Annual General Meeting of Shareholders.

The Agriculture Segment covers the entire range of agricultural products and services and traditionally generates the largest share of the BayWa Group's revenue. In 2016, it increased by 7.2 percent to €10,884.5 million, above all due to the expansion of international grain and oilseed trading and increased sales of fruit. However, EBIT decreased by approximately 22 percent compared to the previous year, above all due to negative effects that impacted the trading result, stiff competition in new markets, weaker operating resources and new machinery business, and lower revenue from the collection business.

BayWa Group EBIT (in € million)¹

	2015	2016
BAV ²	41.6	28.7
BAST ²		-11.5
Agricultural Equipment	21.5	10.6
Fruit	27.0	42.3
Agriculture Segment³	90.1	70.1
Conventional Energy	15.4	15.8
Renewable Energies	61.8	67.3
Energy Segment	77.2	83.1
Building Materials Segment	27.4	28.5
Innovation & Digitalisation Segment ²	-2.9	-8.6
Other	-33.7	
Total	158.1	144.7

1 Comprises the figures of the Agriculture, Energy, Building Materials, Innovation & Digitalisation Segments, Other Activities and the transition.
 2 The changes to the organisational structure mean that it is not possible to directly compare the figures with those of the previous year, as it was not possible to fully divide the corresponding previous year's figures among the two new business units retroactively.
 3 The Agriculture Segment was restructured with effect from 1 January 2016: The activities of the former Agricultural Trade business unit were split into the new BayWa Agri Supply & Trade (BAST) and BayWa Agricultural Sales (BAV) business units. BAST combines BayWa's national and international trade, distribution and logistics activities for grain, oilseed and related products. The collection business and the trade in operating resources and feedstuff have been pooled in the BAV business unit. The Fruit and Agricultural Equipment business units remain unchanged. The independent Innovation & Digitalisation Segment has been reported since 1 July 2016.

Revenue in the Agriculture and Building Materials Segments increased compared to the previous year as a result of increased international trading activities and the construction boom in the housing sector.

Digitalisation is changing agriculture as we know it. The Innovation & Digitalisation independent development segment develops and markets BayWa's digital products and services for increased agricultural productivity and pools the Group's e-business activities.

For the Energy Segment, 2016 was another record year. While revenue from wind energy, solar power and biomass plants decreased to €945.9 million, EBIT in the Renewable Energies business unit increased by 8.9 percent to a new high of € 67.3 million. Conventional energy revenues decreased by 9.6 percent to €2,030.1 million, primarily due to lower heating oil and fuel prices. The total revenues of the Energy Segment amounted to €2,976.0 million, a year-on-year decrease of 8.8 percent.

In 2016, the Building Materials Segment generated revenues of €1,530.1 million, which amounts to growth of 2.3 percent. This rise was primarily due to higher sales volumes resulting from a strong construction sector. EBIT improved by €1.1 million to €28.5 due to the development of own brands, the further optimisation of the network of locations and lower logistics costs due to oil prices.

The offerings of the Innovation & Digitalisation development segment, which was created from the former Digital Farming business unit in 2016, achieved a 14.9 percent increase in revenue to €6.0 million. Due to the high level of investment in the development of digital farming solutions, the new BayWa Online World and the service functions performed for operational business units, which did not generate any direct income, the Innovation & Digitalisation development segment reported negative EBIT of €–8.6 million (2015: €–2.9 million), as expected in its planning.

In the financial year 2016, in addition to its acquisitions, the BayWa Group invested around €154.1 million in intangible assets (€25.9 million) and property, plant and equipment (€128.2 million). These investments were primarily for the repair and maintenance of buildings, facilities, and office fixtures and fittings, because modern locations and effective facilities are a precondition for efficient logistics processes.

 See the Profile of BayWa section, page 6

Taxes, subsidies and political donations

The BayWa Group's income tax expenses decreased by 36.1 percent to €16.9 million in the financial year 2016. Taking income tax into account, the BayWa Group generated net income of €52.7 million in the financial year 2016, a year-on-year decrease of 14.4 percent (previous year: €61.6 million). According to the German Electricity Tax Act (StromStG), the electricity purchased by BayWa r.e. Bioenergy GmbH for the operation of larger biogas plants (e.g. the biomethane plant in Pessin, Germany with electricity consumption of approximately 11,065 gigajoule) is exempt from the electricity tax as it comes from local CHP units.

In the reporting year 2016, BayWa AG made donations to political parties in Germany totalling €9,500 (2015: €5,000). No donations to political parties were made through our subsidiaries Cefetra B.V., RWA AG, "UNSER LAGERHAUS" or T&G Global. Every donation is subject to review by the Board of Management, which discusses the proposal in a transparent manner and logs the decision.

Changes in the reporting period

In January 2017, BayWa acquired the international malting barley trader Evergrain Germany GmbH & Co. KG as part of its specialisation strategy. That was followed by the acquisition of the Thegra Tracomex Group, Oosterhout, Netherlands, by Cefetra B.V. It trades in specialities, such as

barley, oats, legumes and organic produce. In 2016, BayWa expanded its portfolio in the market for exotic speciality fruits through its majority interest in the Dutch supplier TFC Holland B.V. (TFC). In the Agricultural Equipment business unit BayWa also acquired the remaining 51 percent of the shares in the Agrimec Group B.V., which operates in agricultural machinery sales and service, in July 2016. In January 2017, BayWa entered into another joint venture with Barloworld in South Africa to expand the partnership for agricultural equipment and logistics technology in South Africa and neighbouring markets.

In 2016, BayWa r.e. established new companies in Singapore, Bangkok and Luxembourg for its solar business. In addition, BayWa r.e. took over the Perth, Australia, based photovoltaic wholesale distributor Solar-matrix, along with several companies in Italy, Spain and the UK that focuses on the technical and commercial management of solar power plants and wind farms. The Buildings Materials Segment expanded its online offering with a room design system, and it is involved in the creation of the "Mr+Mrs Homes" housing configuration tool. The online portal for building materials was also launched in January 2017. Finally, BayWa has plotted an even clearer course into the digital future by establishing the Innovation & Digitalisation independent development segment.



Supplier management and procurement

G4-22

Number of suppliers and purchasing volume (net) of BayWa¹

	2015		2016	
	Number of suppliers	Purchasing volume (net, in € m)	Number of suppliers	Purchasing volume (net, in € m)
BAV ²			21,867	1,222.3
BAST ²	24,553 ³	1,909.2 ³	633	564.0
Fruit	650	88.8	555	80.1
Agricultural Equipment	3,679	580.0	3,577	555.8
Conventional Energy	831	968.2	918	875.5
Building Materials	4,132	929.1	4,054	1,006.5
Innovation & Digitalisation ²	–	–	97	1.9
Administration	777	85.1	718	69.5
Other	736 ³	45.1 ³	474	41.3
BayWa AG overall	35,358⁴	4,605.5⁴	32,893	4,416.9
BayWa r.e. renewable energy GmbH	3,233	22.4	6,229	285.4
RWA Raiffeisen Ware Austria AG	3,407	1,086.5	3,481	1,017.4
"UNSER LAGERHAUS" Warenhandels-gesellschaft m.b.H.	6,641	427.9	6,380	405.3
Cefetra B.V.	625	4,138.2	675	4,014.5
T&G Global	2,538	479.0	2,721	565.0

1 Includes the suppliers (plus farmers) for all BayWa AG segments, as well as the German Fruit business unit, which was spun off in early 2015, with a respective purchasing volume of more than €1,000.

2 The Agriculture Segment was restructured with effect from 1 January 2016: The activities of the former Agricultural Trade business unit were split into the new BayWa Agri Supply & Trade (BAST) and BayWa Agricultural Sales (BAV) business units. BAST combines BayWa's national and international trade, distribution and logistics activities for grain, oilseed and related products. The collection business and the trade in operating resources and feedstuff have been pooled in the BAV business unit. The Fruit and Agricultural Equipment business units remain unchanged. The independent Innovation & Digitalisation Segment has been reported since 1 July 2016.

3 Changes to data from the Sustainability Report 2015 result from changes to allocation: Figures relating to Agri Supply & Trade (now BAST & BAV) are no longer reported as 'Other'.

4 Data from the Sustainability Report 2015 has been corrected due to the incorrect reporting of the Fruit business unit at the time.

Description of the supply chain

As part of a trading group with global operations, BayWa – with its Agriculture, Energy, Building Materials and Innovation & Digitalisation Segments – has an international trading and procurement network with very different procurement markets (see the value chains below).

During the reporting year, BayWa AG worked together with some 33,000 suppliers¹ (2015: 35,000). It procured raw materials, goods and services worth €4.4 billion from them in 2016 (2015: €4.6 billion).

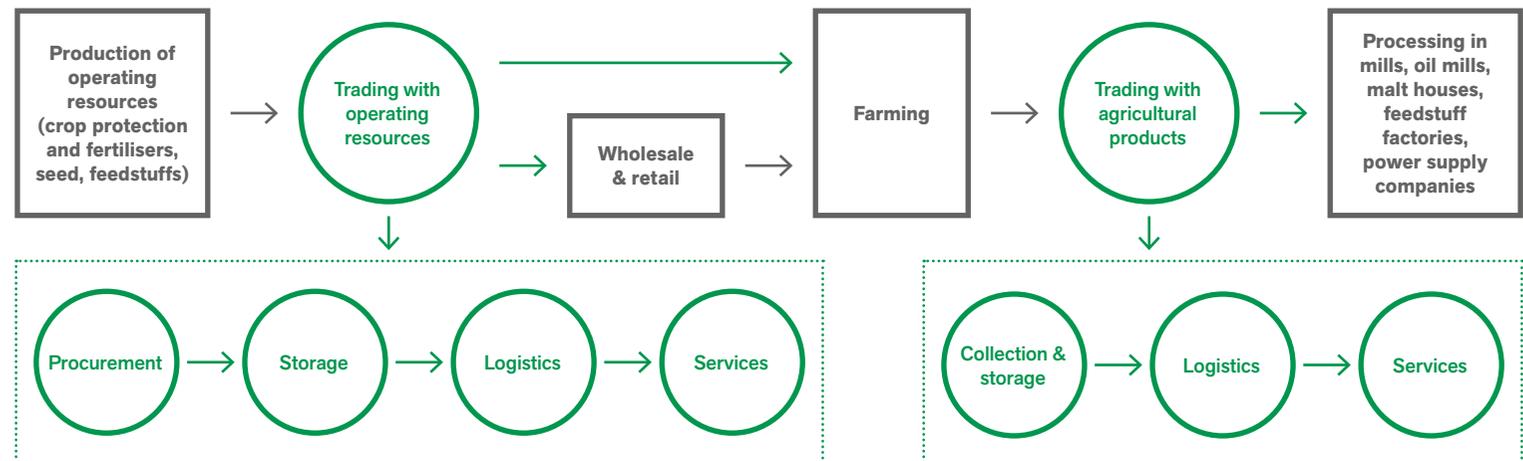
The majority of BayWa AG and BayWa r.e. renewable energy GmbH's suppliers are based in Germany, Europe and the United States, where strict laws and controls ensure the observance of human rights and environmental standards. For example, the Energy business sector currently primarily purchases wood pellets regionally, with more than 80 percent sourced from Southern Germany. More than 34 percent of the pellets are PEFC-certified and come from sustainably managed forests. The majority of the Agricultural Equipment business unit's suppliers are based in Europe or the United States. The crop protection products sold by the Agriculture Segment are almost exclusively purchased from globally active companies that are certified to do business in Germany. More than 90 percent of the fertilisers sold are manufactured in Europe in accordance with strict social and environmental standards.

1 Includes the suppliers (plus farmers) for all BayWa AG segments, as well as the Fruit business unit, which was spun off in early 2015, with a respective purchasing volume of more than €1,000.



Value chain illustration

BayWa Agri Supply & Trade (BAST) and BayWa Agrar (BAV)¹



BayWa AG
Other players

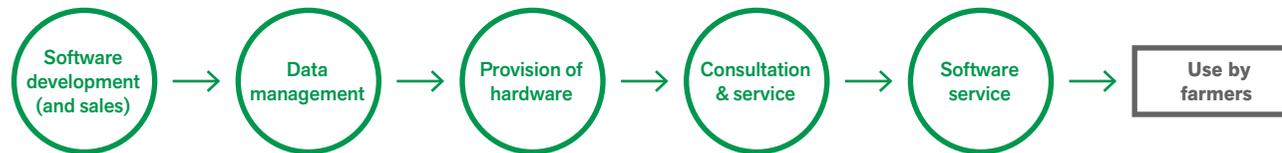
¹ The Agriculture Segment was restructured with effect from 1 January 2016: The activities of the former Agricultural Trade business unit were split into the new BayWa Agri Supply & Trade (BAST) and BayWa Agricultural Sales (BAV) business units. BAST combines BayWa's national and international trade, distribution and logistics activities for grain, oilseed and related products. The collection business and the trade in operating resources and feedstuff have been pooled in the BAV business unit.

BAST and BAV 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 their extensive sales and consulting

network. Since 2016, the company's BayWa Eco concept has offered targeted support to organic farmers in the form of seed, feed, operating resources, barns and stables, and agricultural equipment.

Digital Farming value chain

Smart Farming



E-Business



BayWa AG
Other players

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, as well as e-business (BayWa Online World). Together with the subsidiary FarmFacts, which has experience

as a systems service provider, BayWa is already able to offer a wide range of innovative services: For example, they include advising test farms in Sub-Saharan Africa on the management of farmland from a base in Germany using data from satellites.

Fruit value chain

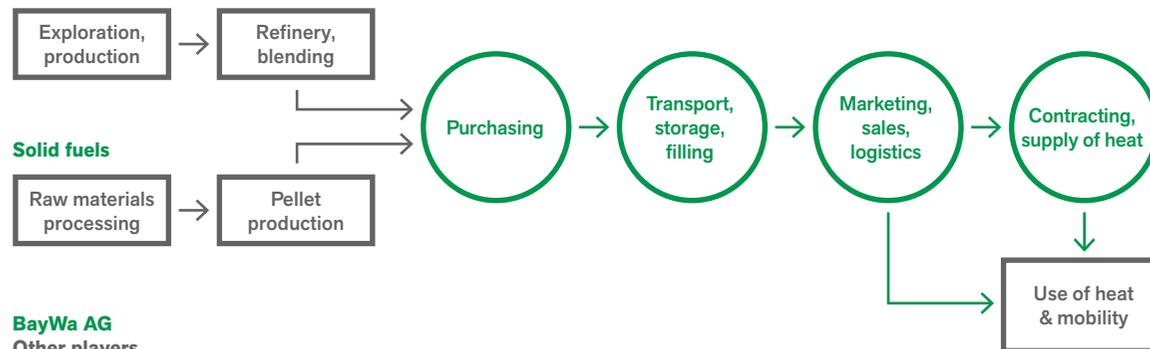


BayWa AG
Other players

Fruit: The Fruit business unit closes the gap between producers and the retail sector in the apple trade in a strong core region. It ensures its ability to perform through national and international reach. From integrated production to organic farming, the company is always an expert partner in fruit trading and stands for sound, competitive supplier relationships characterised by trust.

Conventional Energy value chain

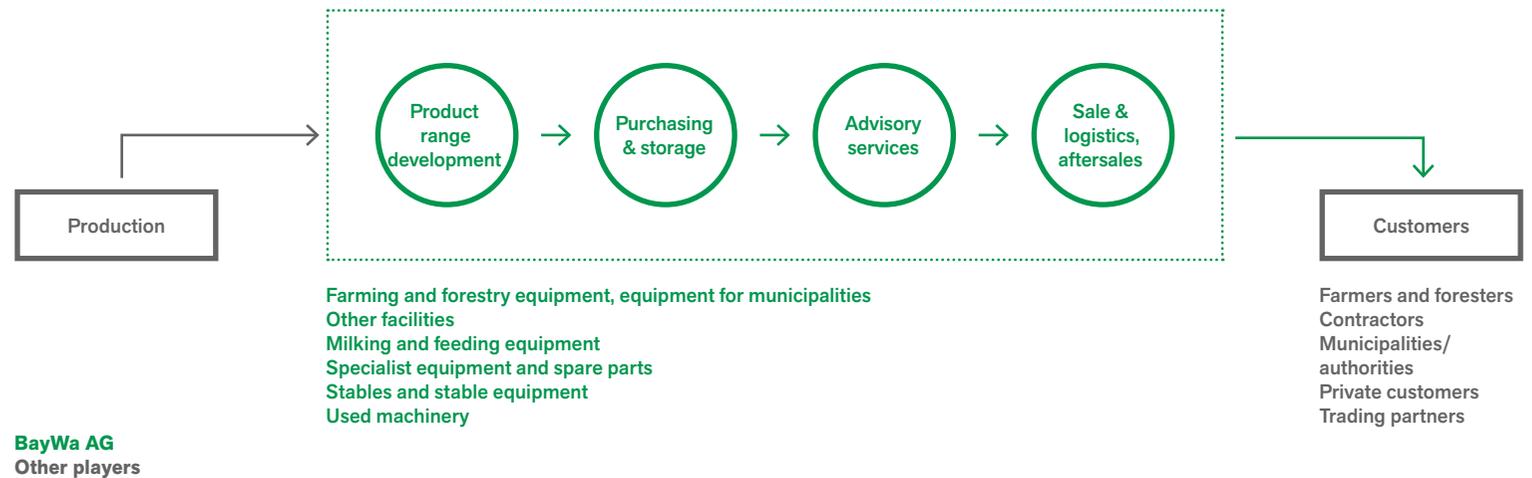
Lubricants, AdBlue, chemical products, fuels



BayWa AG
Other players

Conventional Energy: In the reporting year, the Conventional Energy business unit expanded its product portfolio and launched BayWa premium diesel across the board. The advantage: the cleaning components in the included additives clean injector nozzles and keep them clean. This leads to more efficient combustion, resulting in lower consumption and emissions. The business unit has also converted its entire fleet of tankers (178 trucks) to premium diesel. In 2016, the lubricants business performed about 9,000 laboratory analyses for lubricants and engine coolants. The optimised service life contributes to reducing the consumption of raw materials and cost reduction.

Agricultural Equipment

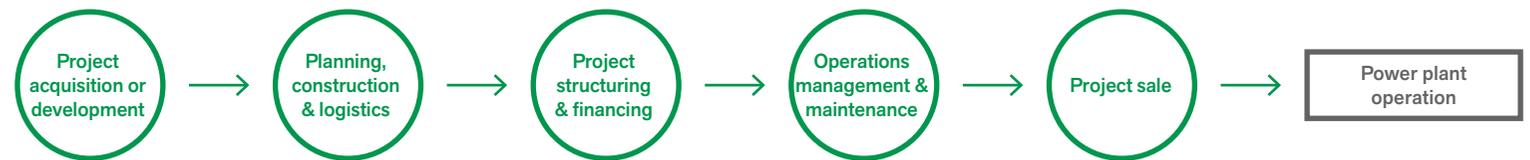


The Agricultural Equipment business unit minimises the impacts on climate and environment by the smart use of resources. The focus is on the use and recycling of environmentally friendly packaging material.

After having drawn up a life cycle assessment in 2016, the logistics centre Röthlein has decided to replace plastic boxes with more cost effective, environmentally friendly cartons in its delivery service.

Renewable Energies

Wind, solar and biogas power plant project business



Solar wholesale trade



Trade in renewable energy

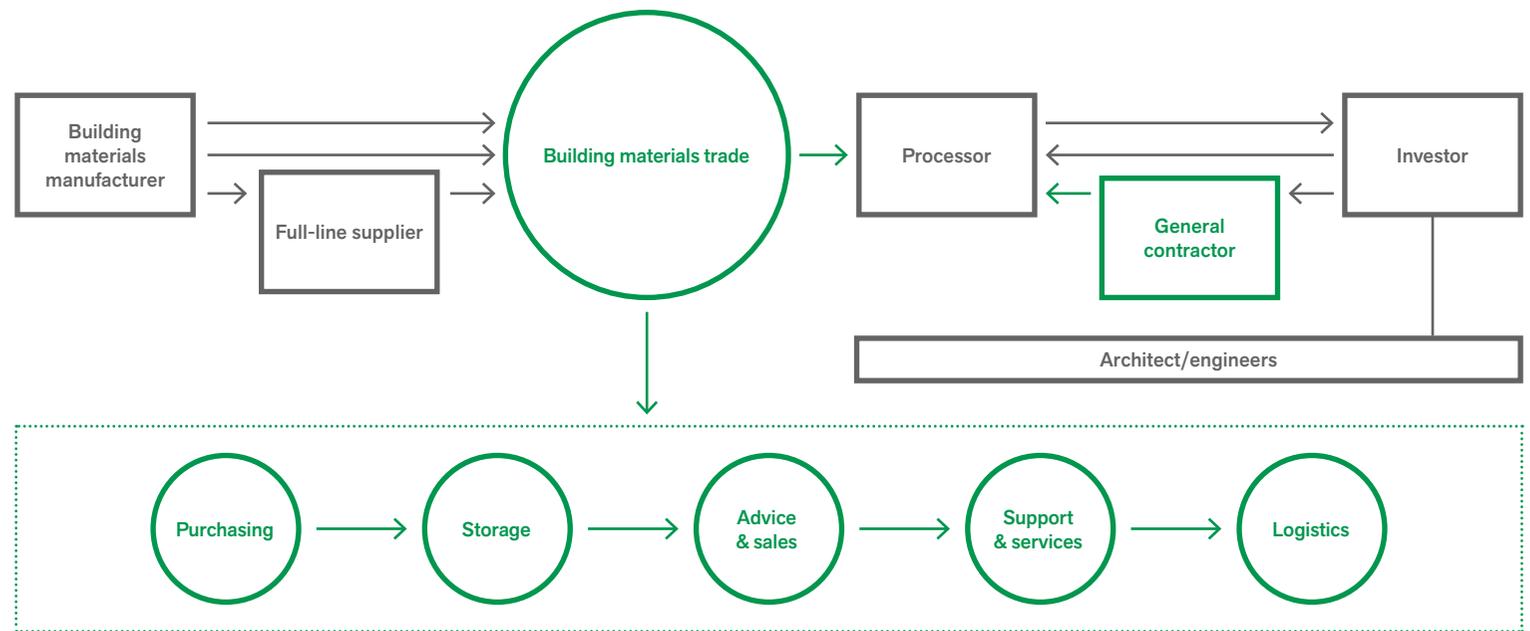


BayWa AG
Other players

BayWa r.e. customers benefit from a wide range of electricity, gas and biomethane products and services. As a result, biomethane customers in particular can optimise their payment flows thanks to Biogas2Power-

smartNETTING if BayWa r.e. is also responsible for the direct distribution of their EEG electricity production.

Building Materials value chain



BayWa AG
Other players

Last year, the Building Materials business unit expanded its range of products and services, with a special focus on timber construction. It

provides customised construction timber, which contributes to green building with renewable resources.

Social and environmental responsibility in the supply chain

BayWa helps meet the basic human needs. That makes it all the more important that its suppliers from 34 countries guarantee product safety, conserve resources and protect human rights. Our work with cooperation partners is already subject to national requirements regarding sustainable management, such as the Modern Slavery Act (United Kingdom), the Sarbanes-Oxley Act and the Foreign Corrupt Practices Act (both USA). Under the leadership of Corporate Compliance, BayWa AG will therefore in 2017 assess suppliers that are not based in the top 25 countries of the Transparency International Corruption Perception Index or are included on the French Financial Action Task Force (FATF) risk list. It is based on corruption, sanctions and embargo lists, as well as negative information from the media.

Cefetra B.V. developed the CRS (Certified Responsible Soya) standard in 2008. The program has become an important certification program for the European feed industry and the producers in South-America. In order to further expand the certification program, Cefetra B.V. has started a program with Bayer AG to provide local support to farmers to achieve sustainable certification. BayWa r.e. Bioenergy GmbH only deals with suppliers that can guarantee the exclusive use of non-genetically-modified seed. RWA AG and "UNSER LAGERHAUS" also

consider environmental certificates, such as the Forest Stewardship Council (FSC), or labour standards, such as the Business Social Compliance Initiative (BSCI), when selecting suppliers. In 2017, T&G Global, which is based in New Zealand, will establish a strategy to work with growers to achieve environmental and social standards beyond the current minimum requirement Global GAP or New Zealand GAP.

Local procurement

In order to support the local economy, and to minimise transport distances and emissions, regional suppliers (such as tradespeople and service providers) accounted for an average of approximately 70 percent of orders from BayWa AG's German locations in 2016. At "UNSER LAGERHAUS", suppliers in the company's home market account for 85 percent of purchasing volume. BayWa r.e. Bioenergy GmbH purchases 85 percent of its components for biogas plants within a 25 kilometre radius of its headquarters in Germany. BayWa r.e. Green Energy Products GmbH purchased 80 to 90 percent of its products in its German home market. Due to the geographic situation of New Zealand, T&G Global's entire business strategy is based on strengthening regional and national suppliers, whose products are exported worldwide.



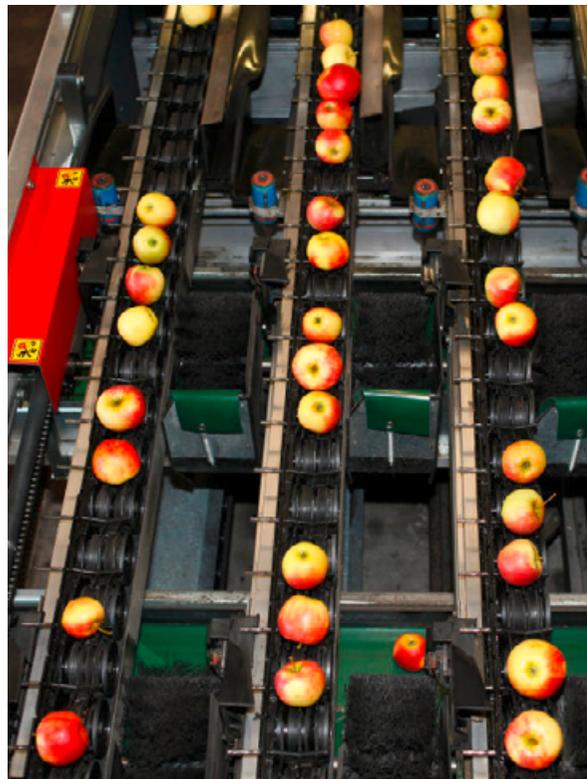
Environment and Climate

› [Environmental management](#)

› [Energy consumption and greenhouse gas emissions](#)

› [Water and waste water](#)

› [Transport and logistics](#)



BayWa companies worldwide already focus on keeping their impact on the environment and climate to a minimum, as the following examples demonstrate. BayWa Obst GmbH introduced an energy management system at its central production site in Kressbronn in 2016, for instance. Among other measures, switching the lights to LEDs made it possible to reduce electricity consumption by approximately 100,000 kWh at this location alone. In addition, "UNSER LAGERHAUS" obtains electricity entirely from renewable energy sources at the sites in Carinthia and Tyrol. In 2016, the Pusarnitz site in Carinthia, including the filling station with continuous lighting, switched to LEDs. RWA AG fed around 430,000 kWh into the grid from its own photovoltaic installation during the reporting year and saved some 83,000 kWh through energy efficiency measures. T&G Global in New Zealand obtains 100 percent of its electricity from a provider who generates power from 100 percent renewable resources and implemented energy savings initiatives totalling 2.5 GWh.

Environmental management

Company-wide environmental management

Compliance with national requirements governing occupational safety and environmental protection is mandatory for all BayWa companies. Since 2016, the Environment, Health & Safety (EH&S) organisational unit's Group-wide "Safety, Health and Environmental Management" mandate has been advancing the unification of standards, such as those pertaining to the transport of dangerous goods, incident law, ambient pollution protection, chemical and hazardous materials storage and water law. The objective is to avoid environmentally harmful incidents and to limit their impact in the event of damage. EH&S also provides advice on environmentally friendly measures for storage and transport, and supports BayWa employees in their day-to-day activities by providing checklists, information sheets and operating instructions. A shared culture of awareness for safety and environmental issues is also fostered by officers that oversee these concerns at each company.

Due to various changes to legal provisions, BayWa's manual on hazardous substances was updated in 2016. The manual is a reference work for how to handle environmentally relevant products. In addition, 53 training courses (2015: 50 training courses) on how to handle environmentally relevant products, on the transport of dangerous goods and on the storage and delivery of hazardous substances were held in the reporting year. The number of employees who took part in these

courses was 1,900 (2015: 1,000 employees). During the reporting year, BayWa AG invested some €1.85 million (2015: €800,000) altogether in environmental and biodiversity measures. BayWa r.e. Bioenergy GmbH, Schradenbiogas GmbH & Co KG and BayWa r.e. Wind GmbH spent approximately €770,000 for environmentally relevant prevention, repairs and compensatory measures. As in 2015, no complaints related to ecological concerns were submitted to the Environmental Management team of the Group or its reported subsidiaries.

Risk management relating to climate change

In 2016, 44 out of 698¹ risks from the annually updated Group risk management overview (2015: 41 out of 646 risks) concerned weather-related factors that could affect operations, such as drought, cold, periods of rain, hail, wind, sunshine or flooding. The probability of occurrence, extent of the damage, the value of the damage expected as a result, measures such as insurance policies and diversification, as well as cost and marketing aspects are recognised for the risks. However, due to the annual basis of this approach, it is not possible to make a direct connection to long-term climate change. The company strategically caters to the growing demand for renewable energy through its subsidiary BayWa r.e., which recorded revenue of around €946 million in 2016.

¹ Includes the BayWa Group, excluding RWA AG and its subsidiaries.



Energy consumption and greenhouse gas emissions

G4-22

See also Transport and logistics section, page 37

At BayWa AG, the largest share of energy consumption was attributable to electricity and fuels, and to natural gas and electricity at the subsidiaries due to increased production of mixed feedstuffs and in-house heat generation, among other factors.

Energy consumption¹

As a company with 18,000 employees and one of the largest grain traders in Europe, BayWa can play an important role in protecting the climate by reducing its energy consumption and CO₂ emissions. The company therefore designs its processes to be as energy- and resource-efficient as possible – especially in transport and logistics, which have the highest consumption levels. Employees, who receive training on how to use energy as economically as possible and are encouraged to do so, are crucial to these efforts.

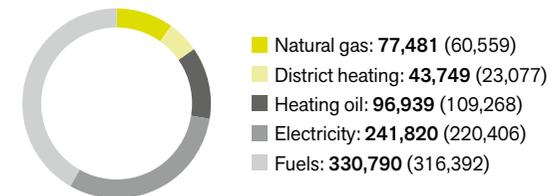
Compared to 2015, BayWa succeeded in expanding its efforts to collect energy and emission data by one additional subsidiary to a total of five altogether (Cefetra B.V., RWA AG and "UNSER LAGERHAUS", the BayWa r.e. Group and T&G Global) during the reporting year. The data refers primarily to energy consumption within the organisation, i.e. in the companies' own processes. In part, the companies report energy consumption for transport and logistics outside of the organisation through the recorded tonne-kilometres of their service providers.

In 2016, total energy consumption (direct and indirect: 764,000 gigajoule [GJ]) as well as consumption per employee (85.1 GJ) at BayWa AG increased year on year by around 5 percent, due primarily to increased

¹ Due to modified calculations, all figures in this section from 2015 have been adjusted

Energy consumption at BayWa AG 2016¹ in gigajoules

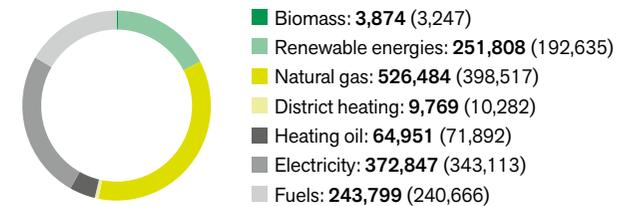
Total: 763,780 (729,702)



¹ The fuel figures were adjusted with respect to the previous year and are not directly comparable. Due to the temporary relocation of the head office, the figures for BayWa headquarters in Munich were carried forward from the previous year. Benchmark 2015 figures in brackets.

Energy consumption of subsidiaries in 2016¹ in gigajoules

Total: 1,473,563 (1,260,354)



¹ Compared to 2015 the data collection was expanded by further subsidiaries of BayWa r.e., hereafter BayWa r.e. Group, and T&G Global and is not directly comparable. Data now includes 27 of 39 subsidiaries of BayWa r.e. Group. Like in the previous year, data from RWA Raiffeisen Ware Austria AG, "UNSER LAGERHAUS" Warenhandelsgesellschaft m.b.H. and Cefetra B.V. was included. Data of RWA Raiffeisen Ware Austria AG and BayWa r.e. renewable energy GmbH for 2015 is not complete. Benchmark 2015 figures in brackets

G4-22

Through its subsidiary BayWa r.e. Group, the BayWa Group generated some 3.6 million GJ of energy from renewable sources in the reporting year. Of this amount, biomass accounted for 1.5 million GJ and wind power for 2 million GJ.

energy consumption during the process of drying agricultural products. Energy consumption of the five reported subsidiaries totalled some 1,470,000 GJ, or 287 GJ per employee. At BayWa AG, fuels (especially diesel) for transport and logistics services (own and outsourced procurement and distribution shipments, service vehicles for agricultural equipment and lift truck operations) accounted for approximately 43 percent of direct energy consumption.

Altogether, energy consumption of BayWa AG and the reported subsidiaries amounted to some 2,204,000 GJ. In particular, district heating and natural gas consumption rose year on year at BayWa AG by 90 percent and 28 percent respectively, while heating oil consumption decreased by around 11 percent. The procurement of electricity accounted for almost 83 percent of indirect energy consumption. In the reporting year, the company procured 98 percent of its electricity from renewable energy sources. Most of that electricity is certified with the “ok-power” seal of quality.

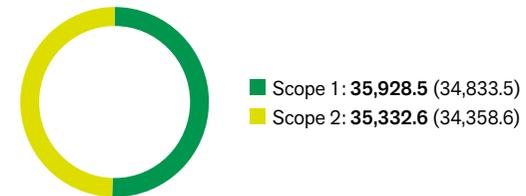
Greenhouse gas emissions

Since 2014, BayWa AG and BayWa r.e. have been keeping records of their CO₂ emissions from operations based on the internationally recognised Greenhouse Gas (GHG) Protocol Corporate Standard.

The subsidiaries Cefetra B.V., RWA AG, "UNSER LAGERHAUS" and T&G Global have been doing the same since 2015. They report on the following emissions:

Scope 1: Direct emissions from combustion processes of stationary systems (natural gas, heating oil and diesel), mobile systems (fuel from procurement and distribution shipments, own and leased passenger cars) as well as direct emissions of volatile gases (coolants and refrigerants)

Greenhouse gas emissions at BayWa AG in 2016¹ in tCO₂-equivalents
Total 71,261.1 (69,192.1)



¹ Due to an increased proportion of district heating not directly comparable with the previous year. Activities included in Scope 1: Fuel combustion in passenger cars, trucks and forklift trucks, as well as the combustion of heating oil and natural gas for heating and drying as well as emissions from refrigerants; emission factors from VDA 2015 and DEFRA 2015. Activities included in Scope 2: Procurement of district heating and electricity; emission factors from VDA 2010 and VDA 2015 (location-based). Benchmark 2015 figures in brackets.

Through the purchase of 98 percent green electricity, BayWa AG contributed towards reducing emissions in the amount of nearly 31,000 tonnes (2015: 32,000 tonnes) of CO₂ equivalents in the reporting year. The share of green electricity at the reported subsidiaries amounted to approximately 14 percent, and even stood at 100 percent for BayWa Obst GmbH and "UNSER LAGERHAUS". This put their reduction in emissions at 9,400 tonnes (2015: 4,400 tonnes) of CO₂ equivalents.

Scope 2: Indirect emissions from purchased electricity and district heating.

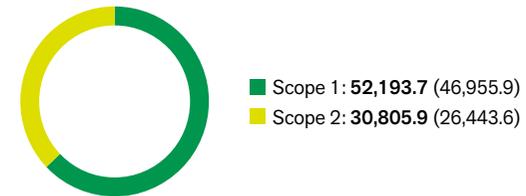
In accordance with the Greenhouse Gas Protocol guidelines in effect since 2015, BayWa reports its greenhouse gas emissions from electricity using the emission factors of the respective national electricity mix. The "location-based" method was applied for calculating emissions, including emissions from green electricity in the total emissions reported. BayWa includes emissions generated along the upstream and downstream value chain (Scope 3) in its reporting. In this report, this last scope also extends to the emissions generated by transport and logistics service providers. BayWa aims to expand its record-keeping activities for Scope 3 categories continuously.

Greenhouse gas emissions at BayWa AG increased in absolute terms (71,000 tonnes of CO₂ equivalents) and per employee (7.9 tonnes of CO₂ equivalents) by approximately 3 percent. Altogether, emissions from direct and indirect consumption were similar to 2016; transport (diesel and petrol) accounted for 68 percent of the former. CO₂ emissions at the subsidiaries amounted to some 79,000 tonnes of CO₂ equivalents. At 66 percent, direct consumption also had a material impact here. Natural gas and diesel consumption accounted for 72 percent of this.

 See also Transport and logistics section, page 37

Greenhouse gas emissions at subsidiaries in 2016¹ (in tonnes of CO₂ equivalents)

Total: 82,999.7 (73,399.5)



¹ Compared to 2015 the data collection was expanded by further subsidiaries of BayWa r.e., hereafter BayWa r.e. Group, and T&G Global and not directly comparable. Data now includes 27 of 39 subsidiaries of BayWa r.e. Group. Like in the previous year, data from RWA Raiffeisen Ware Austria AG, "UNSER LAGERHAUS" Warenhandelsgesellschaft m.b.H. and Cefetra B.V. was included. Data of RWA Raiffeisen Ware Austria AG and BayWa r.e. renewable energy GmbH for 2015 is not complete. Activities included in Scope 1: Fuel combustion in passenger cars, trucks and forklift trucks, as well as the combustion of heating oil and natural gas for heating and drying as well as emissions from refrigerants; emission factors from VDA 2015 and DEFRA 2015. Activities included in Scope 2: Procurement of district heating and electricity; emission factors from VDA 2010 and VDA 2015 (location-based). Source calculation T&G Global (New Zealand): Ministry for Environment of New Zealand: Summary of Emissions Factors for the Guidance for Voluntary Corporate Greenhouse Gas Reporting – 2015. Benchmark 2015 figures in brackets.

Ozone-depleting substances at BayWa are attributable primarily to product refrigeration at BayWa Obst GmbH, which consumed 208 kilograms (2015: 710 kilograms) of refrigerant at four locations in 2016, causing the emission of some 545 tonnes of CO₂ equivalents (2015: 1,944 tonnes). Refrigerants such as R22 are recycled at the end of their life cycles and reused in other products, such as acids, at a rate of up to 97 percent.

Water and waste water

G4-22

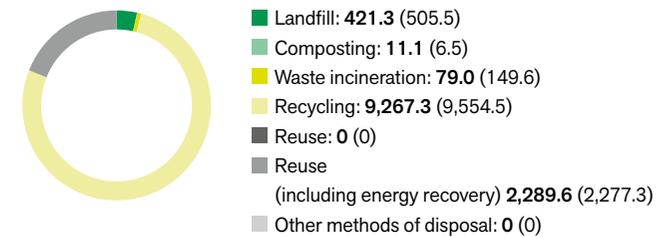
Waste

Standardised BayWa instructions at all branches on dealing with waste and proper disposal channels ensure that environmentally harmful incidents, either at sites or when transporting goods, are avoided and that damage caused by incidents are limited. The careful selection of and long-term partnerships with disposal companies that provide a full range of services make it easier to monitor and control the processes. Clear responsibilities and a centralised control structure ensure effective waste management also at the subsidiaries, such as "UNSER LAGERHAUS" and T&G Global.

As part of product responsibility, BayWa AG supports the establishment of collection points at its locations and organises regular campaigns to take back waste. As a result, customers can use more than 100 locations in the Conventional Energy and Agricultural Equipment business units, which are registered as collection points of the collecting society for containers in the petroleum industry (Verwertungsgesellschaft für Gebinde der Mineralölindustrie – GVÖ), free of charge. In total, BayWa AG took back 6,500 tonnes of waste, which is approximately 20 percent more than in 2015. Hazardous substances, such as used oil, oil filters and starter batteries, accounted for 4,660 tonnes. Among the subsidiaries, almost all 2,450 tonnes of take-backs were handled by

Waste by disposal method at BayWa AG 2016¹ in tonnes

Total: 12,068.2 (12,493.4)



¹ For better comparability with the subsidiaries, and for reasons of conformity with GRI (Global Reporting Initiative) requirements, the data collection was adjusted in the reporting year. The values for injection and storage at the location are below 1 tonne and are not reported. Benchmark 2015 figures in brackets.

RWA Saatgut. The majority of these take-backs consisted of materials or products, such as grain, corn or oilseed. By following "avoidance before use, and use before disposal" as a guiding principle and holding training courses on a regular basis, the company raises awareness for this topic among employees.

The proper disposal of waste from products and processes is a central task of BayWa AG. In 2016, around 12,100 tonnes of waste were produced at some 400 BayWa AG locations, which amounted to a 3 percent decrease compared to 2015. Similar to the previous year, approx-

G4-22

imately 77 percent of waste was recycled. At 49,700 tonnes, the subsidiaries generated approximately 13 percent less waste than in 2015. Of this amount, recycling or composting by T&G Global accounted for 73 percent alone.

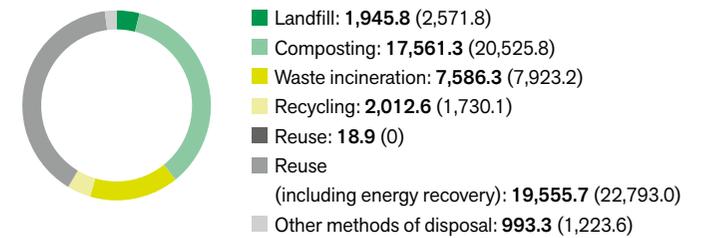
Group-wide instructions for the handling of hazardous waste are in effect at BayWa AG and the reported subsidiaries. During the reporting year, BayWa AG organised the proper disposal of around 4,660 tonnes (2015: 4,290 tonnes, excluding waste disposed of by contractual partners) of machine, gear and lubricating oils and other hazardous substances, such as fuel, contaminated packaging and solvents. In total, some 95 percent of all hazardous waste was recycled.

Damage claims and pollution

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 and to customer satisfaction. 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, regard-

Waste by disposal method at subsidiaries 2016¹ in tonnes

Total 49,673.8 (56,767.5)



¹ Compared to 2015, the data collection was expanded to include further subsidiaries of BayWa r.e. Group (majority not reported, as they are only office locations without relevant waste generation) and T&G Global and not directly comparable. Like in the previous year, data from RWA Raiffeisen Ware Austria AG, "UNSER LAGERHAUS" Warenhandelsgesellschaft m.b.H. was included. Data and method of disposal provided by disposal service. Data of BayWa r.e. renewable energy GmbH for 2015 is not complete. Including waste from the delivery of goods, administrative operations and waste taken back. Benchmark 2015 figures in brackets

less of who caused the damage. RWA AG employees are obliged to report anything that sticks out with regard to incidents of pollution and cases of damage. Altogether, 109 claims involving damage (such as heating oil that leaked or fires) were responsible for total expenditure (including clean-up and compensation) at BayWa AG of approximately €310,000 in 2016.

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.

Recycling waste water

Since the end of 2015, BayWa AG has no longer been directing the scrubbing slurry that is created in the process of cleaning fertiliser ships into the water, but rather disposes of it separately or discharges it into the sewer system. BayWa is coordinating the implementation closely with municipal disposal facilities. The water treatment plants at the two sorting facilities of BayWa Obst GmbH are permanently in operation and supply 70 percent of the process water required for the treatment process, 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. The company discharged 5,627 m³ (2015: 7,113 m³) of waste water into the public sewer system in the reporting year. At the mixed feedstuff production locations of "UNSER LAGERHAUS", the fresh water is sourced from the municipal water mains and prepared for use in production. A majority of the waste water is reused, mainly in production. The nearly 30 filling stations in Carinthia and Tyrol are equipped with cutting-edge oil separators that reintroduce only harmless waste water into the water cycle.



Transport and logistics

Logistics strategy

Logistics design is an important means of improving the carbon footprint for trading companies. We rely on process safety and customer service to meet this challenge, as well as for handling sensitive products, such as food or dangerous goods, and to accommodate the wide range of value chains.

Since 2014, BayWa AG has been pursuing the sustainable alignment of its logistics as a project spanning all business sectors. As a result, it not only saves on energy and costs, but also meets the rising expectations of customers with regard to safe, environmentally compatible transport.

The path to achieving this involves four goals:

- Creation of 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 procurement framework and purchasing guideline

RWA Logistik and BayWa Obst GmbH outsource truck transports to partner companies in order to guarantee optimum utilisation and route planning. At RWA Logistik, vehicles also have to comply with the emissions limit of 130g / 100km, which was set voluntarily. Overseas seed transports are carried out using ships instead of airplanes whenever it is economically feasible to do so. The "UNSER LAGERHAUS" truck fleet for mixed feedstuff production and sales is outsourced to an external service provider in order to guarantee optimum route planning and truck use. These efforts keep costs and fuel consumption low. Fifty percent of the trucks meet Euro V or Euro VI emission standards.

Ecological impact of transport by BayWa AG vehicles and service providers

The calculation of CO₂ emissions from the vehicle fleet of BayWa AG and its subsidiaries is based on actual fuel consumption. In terms of the commissioned freight forwarders, the transported tonnage and distance travelled or – if available – fuel consumption provided the basis of calculation. In the case of the processes under consideration, the focus is on procurement as well as distribution shipments (including tankers and pellet trucks, crane trucks, silo and dump trucks) for which BayWa assumes the cost.



G4-22

In the reporting year BayWa AG covered approximately 18 million kilometres (2015: 17 million kilometres) for the transport of goods. The resulting emissions totalled around 16,200 tonnes of CO₂ equivalents. With around 7,100 tonnes of CO₂ equivalents, most greenhouse emissions were attributable to the Conventional Energy business unit for the transport of liquid fuels and wood pellets.

A considerably higher share of goods from BayWa AG was transported by logistics service providers in the reporting year. At more than 1.4 billion tonne-kilometres covered, approximately 57,000 tonnes of CO₂ equivalents were emitted. As in the previous year, the largest share of this amount, at more than 51,000 tonnes, was attributable to the BayWa Agri Supply & Trade business unit for the transport of agricultural produce and fertilisers by trucks, rail and inland waterways.

BayWa means of transport mix

At both BayWa and its subsidiaries, the majority of shipments were made by trucks or maritime transport, as in the previous year. The company focuses on environmentally friendly models. As a result, the number of trucks with Euro V or Euro VI standards increased by 2 percent in 2016. Since 2013, the company has also been using block trains, primarily in agriculture. BayWa had 2.5 freight trains, each with

Greenhouse gas emissions caused by transport at BayWa AG 2016¹ in tonnes of CO₂ equivalents

Total: 69,428.1 (73,619.9)



¹ Emission data of own vehicles: diesel combustion in own trucks, emission factors from VDA 2015. Basis for emission data of service providers: transport in tonne-kilometres, emission factors from GEMIS 4.94. Compared to the previous year including the Building Materials business unit and Conventional Energy business unit and not directly comparable to the data from 2015. Benchmark 2015 figures in brackets.

Greenhouse gas emissions caused by transport at subsidiaries 2016¹ in tonnes of CO₂ equivalents

Total: 407,781.2 (419,781.7)



¹ Emission data of own vehicles: Compared to 2015 the data collection was expanded by further subsidiaries of BayWa r.e. (not complete) and T&G Global and is not directly comparable. Like in the previous year, GHG emissions caused by diesel combustion in own trucks include RWA Raiffeisen Ware Austria AG, "UNSER LAGERHAUS" Warenhandels-gesellschaft m.b.H. and Cefetra B.V. Basis for emission data of service providers: transport in tonne-kilometres, emission factors from GEMIS 4.94. Data of RWA Raiffeisen Ware Austria AG and BayWa r.e. renewable energy GmbH for 2015 not complete. Without data maritime cargo transport (especially Cefetra B.V.). Data RWA AG and "UNSER LAGERHAUS" not fully reported. Benchmark 2015 figures in brackets.

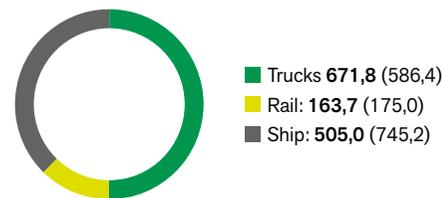
G4-22

27 carriages, in use in 2016, which transported a total of 270,000 tonnes, primarily wheat, barley and rapeseed.

BayWa AG and its subsidiaries consumed approximately 16 million litres of fuel in 2016 (2015: 12 million litres) using own and leased vehicles, including service vehicles used by technicians (agricultural equipment sales, customer service) or cars for business trips. T&G Global accounted for about 4.4. million litres of fuel used. Using lease agreements, BayWa AG replaces its cars with new, more fuel-efficient models every three to four years. In 2016, BayWa AG employees covered approximately 542,875 passenger kilometres (2015: 515,000 passenger kilometres) by train on business trips, saving more than 89 tonnes (2015: 84 tonnes) of CO₂ when compared to using a car.

Transport by means at BayWa AG¹ in million tonne-kilometres

Total: 1.340,5 (1.506,6)

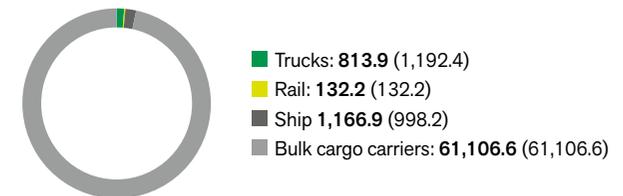


¹ Only transports by service providers, excluding the Building Materials and BayWa Obst GmbH. Benchmark 2015 figures in brackets.

Transport by means at subsidiaries 2016¹

in million tonne-kilometres

Total: 63.219,6 (63.429,4)



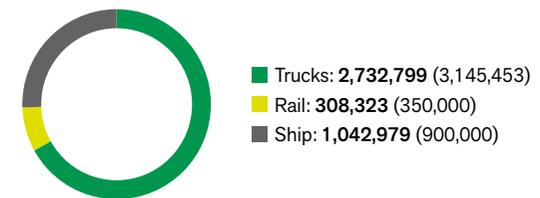
¹ Only transports provided by service providers. Compared to 2015, the data collection was expanded to include further subsidiaries of BayWa r.e. (not complete) and T&G Global and is not directly comparable. Like in the previous year, data from RWA Raiffeisen Ware Austria AG, "UNSER LAGERHAUS" Warenhandels-gesellschaft m.b.H. and Cefetra B.V. was included. Basis for calculation: transport capacity in tonne-kilometres

Benchmark 2015 figures in brackets.

Share of means of transportation in BayWa AG Agricultural Trade

for bulk cargo, weight in tonnes¹

Total: 4,084,101 (4,395,453)



¹ Agricultural produce, fertilisers, feedstuffs. Data does not include other means of transportation (approximately 36,500 tonnes, for example parcel services).

Benchmark 2015 figures in brackets.

Employees

› [Human resources strategy and employment structure](#)

› [Diversity and equal opportunities](#)

› [Training](#)

› [Occupational health and safety](#)



BayWa strives to achieve diversity at all levels of the company – including diversity of gender, nationality and age. The promotion of women is, in particular, supported by mentoring programmes, activities to attract girls into technical careers, internal networks and a modern HR management system. For example, participants in the new “BayWa Connected Women” women’s network have the opportunity to speak with 14 experienced BayWa ambassadors. These role models help talented young women at the company orient themselves and motivate them to develop at the company. The creation of a network that spans all levels of the company aims to help women uncover and realise their full potential, and to increase their visibility.



Human resources strategy and employment structure

Group-wide human resources strategy

The Human Resources (HR) department contributes to the Group's success by efficiently selecting, developing and retaining employees, in line with strategy. HR is an important driver of corporate culture and represents a strategic partner with a wide-ranging management function. It also ensures that our workplaces conform to the latest occupational health and safety and environmental standards.

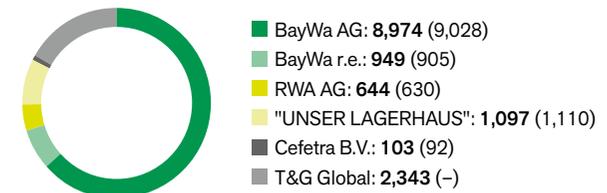
BayWa currently faces numerous challenges that require an HR strategy:

- Demographic change has led to a war for talent, which makes qualified, responsible HR management even more important
- Innovation and the development of the company depend on structures that promote, take up and cultivate new ideas, whether small or large
- Changes in the market environment, such as globalisation, the development of sector structures, and increasing requirements resulting from and speed of business development, result in greater dynamism and competitive pressure in HR structures
- The Group's aims in terms of sustainability require responsible action and transparency, along with appropriate aims and tasks

In order to meet these needs, the HR corporate function sees itself as a source of creativity, a solution-oriented advisor and an active partner. It develops appropriate standards and ensures that its processes are efficient and transparent for customers.

Number of employees BayWa AG and subsidiaries 2016¹

Total: 14,110 (11,765)



¹ Only companies included in this report. Compared to 2015, the data collection of BayWa r.e., hereafter BayWa r.e. Group, was further expanded and now contains 29 of 37 subsidiaries. All employee figures in this section take into account trainees and may differ from figures provided in the Consolidated Financial Statements.

Due to rounding, numbers presented in these tables may not add up precisely to the totals provided. Due to different data base the figures of the subsidiaries are not directly comparable with 2015 figures. Benchmark 2015 figures in bracket.

Employee structure¹

The number of employees at the BayWa Group rose once again in 2016. At the end of the year it had 17,932 employees in 32 countries worldwide, an increase of 2.8 percent (2015: 17,438). The internationalisation of the company continued and the percentage of employees in Germany (BayWa AG without subsidiaries) decreased slightly, to 50.1 percent. The Renewable Energies business unit displayed the greatest increase, with growth of 15.2 percent. The number of BayWa AG employees fell further, to 8,974, due to organisational and structural measures. In the reporting year, 2.0 percent of employees worked at BayWa AG on a fixed-term basis (2015: 2.9 percent), while 16.4 percent worked part-time (2015: 10.9 percent). Marginally employed and fixed-term workers also played an important role in the company's success, for example with regard to seasonal activities.

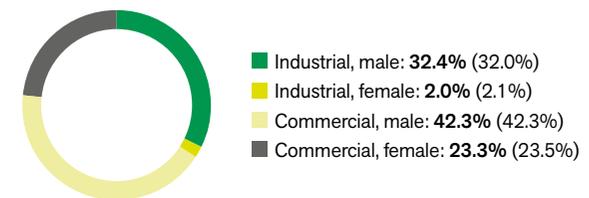
During the reporting year, a total of 5,136 employees worked at the reported subsidiaries BayWa r.e. Group, RWA AG, "UNSER LAGERHAUS", Cefetra B.V. and T&G Global (2015, without T&G Global: 2,737). Of those employees, 2.4 percent were employed on a fixed-term basis. Employees of the subsidiaries and BayWa AG therefore make up 78.7 percent (2015: 67.5 percent) of the company's workforce.

¹ All employee figures in this section take into account trainees and may therefore differ from the figures provided in the Consolidated Financial Statements. Due to rounding, numbers presented in these tables may not add up precisely to the totals provided. Due to different data basis in the subsidiaries figures are not directly comparable to 2015.

BayWa AG's personnel expenses amounted €440 million in 2016 (2015: approximately €433 million).

Employee structure BayWa AG 2016

Total number of employees: 8,974 (9,028)



Benchmark 2015 figures in brackets.

Employee structure subsidiaries 2016¹

Total number of employees: 5,136 (1,858)



¹ Data collection was extended to include the BayWa r.e. Group and T&G Global and is therefore not directly comparable to 2015. As in the previous year, it includes the companies RWA Raiffeisen Ware Austria AG and "UNSER LAGERHAUS" Warenhandels-gesellschaft m.b.H. Benchmark 2015 figures in brackets.

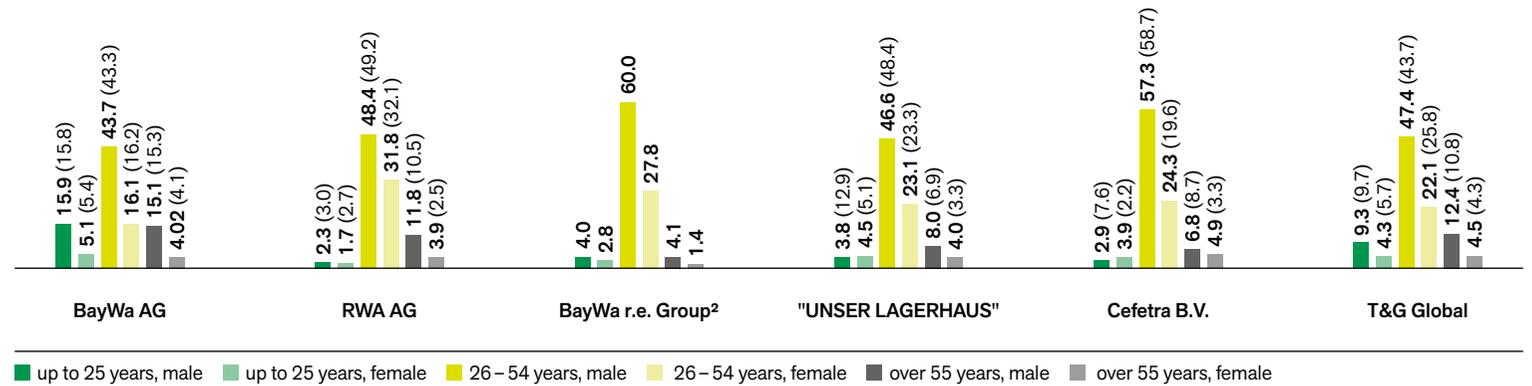
Length of service and employee turnover

An innovative HR management system, which reacts flexibly to challenges and develops employees according to the company's requirements, allows BayWa AG to retain employees in the long term and to maintain their employability. High length of service and low turnover indicate a high level of employee satisfaction. As in the previous year, average length of service at BayWa AG was 15.6 years and the Group-wide figure was 12.7 years. A total of 645 new hires (2015: 567) in the

reporting period were offset by 823 (2015: 1.055) departures – resulting in a turnover rate of 3.1 percent¹ (2015: 3.4 percent). Of the departures, 34 percent were employee resignations, while 23 percent were retirements. The new hire ratio in the reporting year was 7.2 percent (female: 1.5 percent, male: 5.7 percent, 2015: total 5.9 percent). In 2016, the average age of employees of BayWa AG and the reported subsidiaries was 40.4 years, with two-thirds of employees aged between 26 and 54 years (BayWa AG: 60 percent).

Age distribution BayWa AG and subsidiaries 2016 in percent

Total number of employees: 14,110 (11,765)



¹ The fluctuation rate only includes employees that left the company as a result of resignations (2016: 278).

² Due to an extended scope the 2016 figures are not directly comparable with 2015 figures. Benchmark 2015 figures in brackets excluding BayWa r.e. Group.

Diversity and equal opportunities

BayWa strives to achieve diversity at all levels of the company and in all regards – including gender, nationality and age. Diversity and equal opportunities are, therefore, elements of BayWa AG's human resource and sustainability strategies. Employee discrimination on the basis of personal background, gender, age or sexual orientation is not tolerated. That is an element of the Code of Conduct established in 2015. Those principles are also communicated through BayWa's Corporate Leadership Guide and at mandatory management training courses.

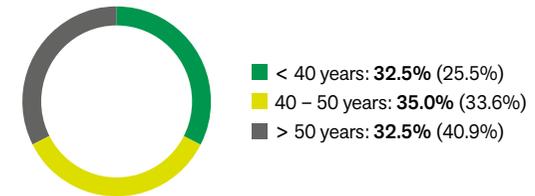
The promotion of women in management positions is also a central strategic aim. Their proportion at BayWa AG has already increased from 12.7 to 20.0 percent¹ and is equal to the ratio at the Group level. At T&G Global women occupy 36 percent of all management positions. The proportion of female employees at BayWa AG decreased slightly compared to the prior year, to 25 percent. The proportion of female employees Group-wide was 28 percent. As in the previous year the number of women on the Supervisory Board accounted for 19 percent.

In terms of equal opportunities, the company pursues the aim of securing the most suitable candidate for management positions, regardless of gender. Pay is determined on the basis of a candidate's experience and expertise, as well as assessment of a candidate's performance, according to the collectively negotiated pay scales. Virtually all of

¹ Contains Board of Management level and management level below.

Age structure management positions BayWa AG 2016

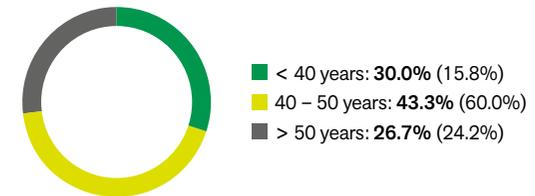
Managers overall (1st and 2nd levels) 80 (110)



Benchmark 2015 figures in brackets

Age structure management positions subsidiaries 2016¹

Managers overall (1st and 2nd levels) 277 (67)



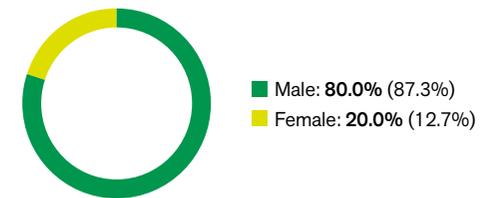
¹ Data collection was extended to include the BayWa r.e. Group and T&G Global and is therefore not directly comparable to 2015. As in the previous year, it includes the companies RWA Raiffeisen Ware Austria AG, "UNSER LAGERHAUS" Warenhandels-gesellschaft m.b.H. and Cefetra B.V. Benchmark 2015 figures in brackets

BayWa AG's employees fall under these collective wage agreements. As a result, there are no differences in pay between women and men. Neither BayWa nor any of the reported subsidiaries were made aware of any cases of discrimination in 2016. With regard to such matters, employees may approach their line manager, the Human Resources department, or anonymously contact the external legal counsel appointed by BayWa to serve as an ombudsman.

To promote a better work-life balance, BayWa AG offers its employees flexible working time models geared towards the different stages of their lives. In 2016, 2.2 percent (2015: 2.3 percent) of employees took parental leave. Of those employees, 88.7 percent were female (2015: 89.4 percent). Of the 11.4 percent of employees who work part time (2015: 10.9 percent), 62.4 percent were female (2015: 70.0 percent). In its job advertisements BayWa encourages people with disabilities to apply. They accounted for 3.2 percent of employees in the reporting period (2015: 3.3 percent). BayWa AG also awards organisations that primarily employ people with disabilities contracts, for example for the digitalisation of contract documents.

Management positions by gender BayWa AG 2016

Total number of managers: (1st and 2nd levels) 80 (110)



Benchmark 2015 figures in brackets.

Management positions by gender subsidiaries 2016¹

Managers overall (1st and 2nd levels) 277 (67)



¹ Data collection was extended to include the BayWa r.e. Group and T&G Global and is therefore not directly comparable to 2015. As in the previous year, it includes the companies RWA Raiffeisen Ware Austria AG, "UNSER LAGERHAUS" Warenhandels-gesellschaft m.b.H. and Cefetra B.V. Benchmark 2015 figures in brackets

Training

In an environment characterised by an accelerating pace of change, there is a need to systematically recognise employees' potential and prepare them for new circumstances by means of qualification measures. Seminars and training courses focus on strengthening personal, social, technical and methodological skills, along with business and leadership competencies. In 2016, almost 12,000 participants (2015: more than 11,500) took advantage of just under 20,000 training days (2015: more than 19,000) at BayWa AG. Training days per employee increased by almost 7 percent, to 2.4. In 2016, approximately 1,350 participants (2015: around 970) took advantage of just less than 26,800 training hours (2015: around 21,500) at T&G Global. RWA AG and "UNSER LAGERHAUS" conducted 535 training courses (2015: 1,190) for approximately 2,500 participants.

Training and recruitment

In 2016, the BayWa Group offered 1,295 young people in six countries worldwide professional training for 29 different occupations. At companies primarily located in Germany and Austria, the ratio of trainees has been constantly high for a number of years, at approximately 10 percent. In the reporting year, BayWa AG had 429 commercial (2015: 446) and 502 industrial (2015: 513) trainees – which equates to a trainee ratio of 9.4 percent (2015: 9.5 percent). The proportion of trainees that were still at the company six months after completing their training increased to 60.6 percent in 2016 (2015: 58.2 percent).

Average number of training hours at BayWa AG 2016¹

	2015	2016
Number of employees: 8,974 (2015: 9,625)		
Number of hours per capita overall	14.8	12.1
Number of hours per capita female	16.7	10.3
Number of hours per capita male	9.6	12.6
Number of hours per capita industrial	14.2	8.8
Number of hours per capita commercial	15.9	13.8

¹ The figures refer to BayWa AG excluding the Agricultural Equipment business unit (3,925 participants with 6,099 training days) and Conventional Energy business unit (18 participants with 18 training days).

Personnel development and training

An annual performance review with their line manager is a binding management tool for all of BayWa AG's full and part-time employees. Based on the competency model, personal strengths and areas for improvement are identified, and specific measures for professional development are determined. In 2016, approximately 42 percent of all employees at BayWa AG participated in performance reviews (2015: approximately 37 percent). At T&G Global and RWA AG, approximately 60 and 72 percent of all employees participated in performance reviews, respectively. As part of the "Development of the Group" project, which identifies managers' potential, 209 candidates completed online assessments and received 180-degree feedback from a total of 1,432 colleagues.

Occupational health and safety

The health and safety of employees is essential to the long-term success of the company. BayWa AG's Environment, Health & Safety (EH&S) organisational unit is made up of 14 employees. It is the Group-wide contact for this area and develops international standards. Its "Safety, Health and Environmental Management" mandate, which was introduced in 2016, established uniform regulations for the Group for the first time. All companies also have an officer with responsibility for these topics.

Occupational safety

BayWa has kept systematic records of accidents at work since 1974. With a total of 219 work and travel accidents¹ (2015: 296), the accident rate in 2016 decreased by 26 percent year on year. The downtime

period per accident increased to 8.6 days (female: 10.0 days, male: 8.4 days; 2015: total 8.0 days).

At RWA AG, there were six work and two travel accidents. At T&G Global there were a total of 20 accidents. As in the previous year, there were no fatal accidents either at BayWa AG or the subsidiaries. In order to prevent accidents and injuries, BayWa AG and its subsidiaries have an extensive catalogue of personal safety equipment and offer comprehensive accident prevention training, for example regarding the handling of products that can affect the environment. BayWa AG also makes use of its internal suggestion scheme to determine how accidents can be prevented and working conditions improved.

Accidents BayWa AG

	Occupational accidents		Travel accidents		Total accidents	
	2015	2016	2015	2016	2015	2016
Employees	27	20	21	15	48	35
Warehouse staff	122	90	10	5	132	95
Workshop staff	109	87	7	2	116	89
Total	258	197	38	22	296	219

¹ Accidents subject to reporting that resulted in an inability to work for more than three days.

Occupational health

BayWa's occupational health management system is based on a working group, the addiction officer, EH&S coordinators and cooperation partners. In 2016, more than 1,922 employees received training on health and safety issues. Since 2016 the "Fit for All Fields" employee campaign, a collaboration with the FC Bayern Basketball team, has supported the mental and physical fitness of employees, and a healthy diet, in practical workshops and via digital channels. The result of all these efforts is a rate of illness that has remained low for years. In 2016, it was 3.3 percent at BayWa AG, a slight year-on-year increase (2015: 3.2 percent). The Group-wide rate improved from 3.0 to 2.8 percent. The companies RWA AG and "UNSER LAGERHAUS" recorded a rate of illness of 3.0 percent and 2.4 percent respectively.

At-risk employee groups

BayWa AG employees considered especially at risk in the industrial sector include warehouse staff and professional drivers, as well as employees in workshop areas, including agricultural machinery mechanics and customer service staff for milking operations. That is

why, among other things, the "Fit at the Wheel" back pain prevention concept was developed in cooperation with AOK Bayern. Requests submitted through the employer's liability insurance association regarding suspicion of occupational illnesses affecting current or former employees were looked into in 2016. BayWa's occupational reintegration management system provides employees suffering from longer-term or frequent illnesses with optimum support.

Rate of illness BayWa AG in percent

	2015	2016
Total	3.2	3.3
Commercial	2.7	2.7
of which female	3.1	3.1
of which male	2.5	2.5
Industrial	4.4	4.6
of which female	4.4	4.7
of which male	3.3	4.6

Quality of Life

› [Comprehensive product responsibility](#)

› [Certification of processes and product labelling](#)

› [BayWa Foundation and sponsorships](#)



From planning flight paths and determining the optimum time for treatment to applying the wasp capsules in the field, BayWa provides natural pest control from a single source.

BayWa guarantees safe products with a high level of quality through systematic product traceability, comprehensive residue monitoring for food and feedstuffs, as well as transparent customer notification. In rural regions, the company offers product consulting across the board as well as comprehensive support for efficient and sustainable agricultural practices, including the use of wasps for the effective control and eradication of the European corn borer. Twice during the infestation period, a multicopter is flown over cornfields, where it automatically releases cardboard capsules with wasps. They parasitise the European corn borer's eggs and fight them effectively without chemicals in a manner that is environmentally friendly and gentle on beneficial organisms.



Comprehensive product responsibility – regarding product range and services

As Europe's largest supplier for agriculture, global purveyor and marketer of fruits, and trader of energy carriers, BayWa is responsible not only for productivity and environmental sustainability, but also for the safety of its products. Thanks to close collaboration between producers, production and marketing, along with comprehensive residue monitoring, the company meets or exceeds the strict legal standards, especially in the food and feedstuffs industry. The selection of reliable suppliers and external auditing also play a pivotal role here. As a result, the companies included in the report were once again not made aware of any incidents during 2016 of non-compliance with regulations in terms of the effects of products and services on health and safety or in terms of the labelling of products and services.

More efficiency and resource conservation for farmers

Agricultural productivity needs to increase significantly to safeguard the global food supply while preventing agricultural sprawl. BayWa supports its customers in maximising agricultural yields and preserving resources through sustainable services for protecting soil fertility, among other goals, and innovative products such as high-performance varieties. Environmentally friendly technologies, such as the electronic seed treatment "E-Pura" as an alternative to chemicals or the soil analysis "Optifert Check" as the basis for optimised fertilisation planning are complemented by an extensive sales and consulting network.

The digitalisation of agriculture is making an important contribution to sustainably increasing productivity. BayWa is playing a pioneering role where this is concerned. Since 2016, it has pooled its activities in the development segment Innovation & Digitalisation. The digital solution NEXT Farming enables even small and medium-sized farms to make use of modern farm management systems. Using satellite information, it is already possible to advise test farms in sub-Saharan Africa on the management of farmland from the base in Germany.

Safe and healthy building materials

Through a wide range of products and services, BayWa makes safe, healthy and environmentally friendly construction a reality for customers. Roughly 1.2 percent of roughly 200,000 building material products are verifiable low-emission products and therefore healthy to live in. About 4.8 percent are classified as environmentally relevant, and less than 1 percent is subject to labelling requirements containing hazardous substances. The Building Materials business sector offers some 3,000 (2015: 1,000) emissions-tested products that feature the corresponding verification thanks to tests performed by the manufacturer, TÜV or BayWa. BayWa also offers planning for homes that are healthy to live in and consultation on energy standards.

All of the roughly 2.5 million tonnes of grain and oilseed collected by BayWa Agricultural Sales meet the GMP B3 feedstuffs safety standard. Some 0.9 million tonnes of that volume were also certified according to the REDcert sustainability standard. Of the seed sold by RWA, 8.0 percent meets the EU's organic guidelines.



Certification of processes and product labelling

When it comes to the seeds offered by BayWa subsidiary RWA AG alone, 6,200 products are subject to labelling obligations pursuant to the German Seed Marketing Act (Saatgutverkehrsgesetz) regarding information such as the type, variety, date of sealing and seed treatments.

Products containing hazardous substances are subject to special labelling obligations about their origins, ingredients and use, as are feedstuffs and seed. Corporate Environmental Health & Safety (EH&S), for example, held regular training courses to ensure that all relevant BayWa employees were informed about current requirements. In the reporting year, all relevant BayWa AG employees received training on environmental regulations, especially with regard to hazardous goods and substances. In accordance with legal requirements, BayWa sends safety data sheets and any updates directly to customers, and it makes more than 14,700 such documents for hazardous goods and substances available on the internet and intranet (see adjacent table).

Special requirements for food and feedstuffs

BayWa AG's Conventional Energy, BayWa Agri Supply & Trade, and BayWa Agricultural Sales business units have implemented the ISO 9001 quality management standard, among others. All BayWa AG locations of BayWa Agri Supply & Trade and BayWa Agricultural Sales business units that collect, store and trade grain and feedstuffs in bulk, as well as all bulk shipments (made by truck, rail or ship) of grain and feedstuffs, are certified in accordance with the GMP B3 or B4 feedstuffs safety standards. In the reporting year, 28 of "UNSER LAGERHAUS" agricultural locations received GMP certification. BayWa complies with special labelling obligations for products such as crop protection, seed,

Number of products with safety data sheets

	2015	2016
BayWa AG	13,127	14,746
Cefetra B.V. ¹	0	0
RWA Raiffeisen Ware Austria AG	approx. 16,000	approx. 16,500
"UNSER LAGERHAUS"	15,802	17,425
BayWa r.e. renewable energy GmbH	1,241	1,588
T&G Global ¹	0	0

¹ No trade in products relevant for safety data sheets

fertilisers and feedstuffs. As part of residue monitoring, which is reviewed every year by an independent certification company, BayWa spot checks food and feedstuffs for residues from crop protection and heavy metals, as well as for the impact caused by microorganisms and mycotoxins.

"UNSER LAGERHAUS" also meets the high legal requirements, especially in mixed feed production, through regular sampling for laboratory testing and external audits.

Of the soyabean meal traded by BayWa Agricultural Sales business unit, 98 percent (2015: 97 percent) is genetically modified; 94 percent of the soyabean meal traded by the subsidiary RWA AG is also genetically

The BayWa AG fruit wholesale markets fulfil the requirements of the food standards for quality and safety (QS), GlobalGap, the International Featured Standard (IFS) and the Global Standard for Food Safety (BRC).

modified. As a result, both companies comply with a special labelling obligation. As an international commodities trader, Cefetra B.V. is regularly audited with regard to quality, environmental and social standards in accordance with its good manufacturing practice (GMP+International), Good Trading Practice (GTP), Cert ID Non-GMO Standard, International Sustainability and Carbon Certificate (ISCC), its Roundtable on Sustainable Palm Oil (RSPO) membership and its Round Table on Responsible Soy Association (RTRS) membership. Moreover, Cefetra B.V. has set up a standard to certify the soya production. This Certified Responsible Soya (CRS) standard was found to be compliant with the European Feed Manufacturers' Federation (FEFAC) soya sourcing guidelines. Through internal controls, RWA rules out any trade in genetically modified seed.

Expansion of trade with organic products

From seed, feedstuffs, operating resources, farm buildings and agricultural equipment to digital solutions, the company has been providing a wide range of products and support especially for organic farmers since 2016 through the "BayWa Öko" concept. Today, 137 locations have already been certified for trade in organic operating resources. In addition, RWA's "Unser Bio" range has been offering only products that meet the EU's organic regulations since 2016.

With 13 percent of the recorded amount (2015: 12 percent), BayWa is the most important supplier of organically grown pome fruit in Germany. The Fruit business sector's locations are recognised for registering products from organic farming pursuant to European Council Regulation (EC) 834/2007 on organic production and labelling of organic products. The producers are also QS- and Regionalfenster-certified and operate in accordance with GlobalGap guidelines – a global standard for the sustainable production of agricultural produce. Both producers and BayWa fruit wholesale markets are audited each year.

Hazardous substances in the Renewable Energies business unit

Some 80 percent of BayWa r.e.'s products are subject to statutory labelling requirements, which the company fully guarantees. Storage systems for solar energy and biomass contain hazardous substances that are subject to special warehousing and transport requirements, in addition to proper labelling. Due to the fact that the amount of biogas stored falls below 50 tonnes respectively BayWa r.e. ensures the safety of employees and customers mainly through special protective equipment.

BayWa Foundation and sponsorships

BayWa also assumes responsibility for people and nature in ways that extend beyond business. The BayWa Foundation is behind much of this commitment to society. In 2016, the Foundation provided more than €1.3 million in support for over 20 educational projects with a focus on improving children's nutrition and teaching practical knowledge about renewable energy. BayWa AG covers the administrative costs and doubles donations so that all of the money that the Foundation receives goes entirely towards projects that it funds.

The international projects, especially in Africa, are geared towards providing long-term assistance for self-help. In Zambia, young mothers receive support in the form of education and childcare on their way to leading independent lives. In Tanzania, many households still use open wood fires to cook, which has an especially negative impact on the health of women and children. Biogas as an alternative source of energy provides the households with clean cooking fuel and valuable fertiliser for the plantations. Together with the aid organisation Engineers Without Borders, the BayWa Foundation is working on expanding local expertise and making the technology more widely available.

BayWa's corporate social responsibility has traditionally also extended to promoting sporting activities. In the reporting year, it once again supported FC Bayern as the main sponsor of its basketball team and continued to make a contribution to elite sport.

During the reporting year, BayWa AG donated some €946,000 in total, of which €800,000 went to projects of the BayWa Foundation.

In Germany, the BayWa Foundation deals with the topic of nutrition to raise awareness and to promote children's health. Over 100 gardens for around 6,000 children have already been planted at schools since the launch of the "Gemüse pflanzen. Gesundheit ernten." project in 2013.

Since 2011, the BayWa Foundation has provided some 100 students at German universities with financial assistance each year as part of the Deutschlandstipendium. Together with colleagues from the BayWa HR department, it provided job application training to secondary school students from socially disadvantaged backgrounds for the first time in 2016. By supporting bridging classes at primary schools in Munich, the Foundation also aims to promote language learning among non-German students.



BayWa's sustainability objectives

		Sustainability objectives by 2020	Achievement of objectives in 2016
Environment and Climate	Reduction of CO₂ emissions	<ul style="list-style-type: none"> – Establishment of strategic energy management – Development of a CO₂ reduction objective for BayWa's global activities – Measuring and managing all location-related sources of emissions (Scope 1 and 2) – Continuous identification and implementation of reduction measures – Expansion of climate-neutral activities 	<ul style="list-style-type: none"> – Joined the Klimapakt der Münchner Wirtschaft (climate agreement of the Munich economy), thereby committing to reduce emissions – Educated trainees to be "energy scouts" together with the IHK Munich in order to make them aware of energy efficiency and reveal potentials – Set climate objectives (climate neutrality); Fruit business unit implemented first climate measures – Carried out energy audits at a number of BayWa locations – Kressbronn location of BayWa Obst GmbH received EMAS certification – Expanded energy data collection (now covering 75 percent of consolidated revenues)
	Governance and data quality	<ul style="list-style-type: none"> – Clear processes and contacts for sustainability issues – Greater transparency based on the consistent collection of social and environmental data – Measuring and managing sustainability performance by defining performance indicators and objectives 	<ul style="list-style-type: none"> – Strategy workshop with BayWa AG management in order to update the materiality analysis and align it with the UN SDGs – Set up a global governance structure to implement and manage sustainable activities – Established an operational field of action model to structure sustainable activities and evaluate BayWa's contribution to implementing the SDGs – Expanded the collection of social and environmental data (now covering 75 percent of consolidated revenues) – Further developed a tool for collecting social and environmental data
	Code of conduct for suppliers	<ul style="list-style-type: none"> – Code of conduct for suppliers based on BayWa AG's Code of Conduct – Medium-term objective: getting 10 percent of the most important suppliers to sign – Long-term objective: getting all suppliers to sign 	<ul style="list-style-type: none"> – Incorporated national specifications for sustainable business management such as the Modern Slavery Act (United Kingdom), the Sarbanes-Oxley Act and the Foreign Corrupt Practices Act (both USA) into BayWa AG – Observance of sustainability-related certificates by subsidiaries (e.g. the Forest Stewardship Council [FSC], the Business Social Compliance Initiative [BSCI] and Certified Responsible Soya [CRS]) – Fruit business unit participated in the project "Nachhaltige Lieferkette" (sustainable supply chain) of the Bayerisches Landesamt für Umwelt (Bavarian Environment Agency) for more transparency in the value chain
	Analysis of customer expectations	<ul style="list-style-type: none"> – Structured and systematic collection and processing of customer opinions and requests – Survey of customers in each business unit about their expectations of BayWa's sustainability performance – Integration of results into sustainability management and sustainability programme 	<ul style="list-style-type: none"> – Surveyed more than 1,000 organic farmers about what they expect from the Agriculture Segment – Surveyed roughly 3,000 customers about what they expect from BayWa's sustainability performance
Employees	Employee training	<ul style="list-style-type: none"> – Regular training on challenges, strategy, objectives and measures with regard to sustainability; encouraging employees to help shape the company's efforts – Making managers aware of stakeholder expectations; providing them with the motivation to take initiative 	<ul style="list-style-type: none"> – Management conference with climate change as a focal point – 326 employees received on-site training on compliance or data protection, and 10,504 employees received online training on anti-corruption and antitrust law
	Employee survey	<ul style="list-style-type: none"> – Anonymous evaluation of regular employee surveys – Development of cross-departmental measures based on the results – Monitoring success with systematic follow-ups and new surveys 	<ul style="list-style-type: none"> – Began conceptualisation of employee survey
Quality of Life	Future quality-of-life scenarios	<ul style="list-style-type: none"> – 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 	<ul style="list-style-type: none"> – Aligned sustainability strategy with the UN SDGs and the challenges of sustainable global development

GRI Content Index



The BayWa Sustainability Report 2016 was prepared in accordance with the Global Reporting Initiative (GRI) guidelines and fulfils the “in accordance” Core option. The G4 guidelines in force since May 2013 were applied. The GRI G4 Food Processing Sector Disclosures were also taken into account. An external audit of the contents of the report was not performed.

	Reference	Omissions
GENERAL STANDARD DISCLOSURES		
Strategy and Analysis		
G4-1	Statement from the most senior decision-maker	3
G4-2	Key impacts, risks and opportunities concerning sustainability	5, 9, 17, 29, 30, 40, 49
Organizational Profile		
G4-3	Name of the organization	6
G4-4	Primary brands, products and services	7
G4-5	Location of the organization's headquarters	6
G4-6	Countries with significant operations	4, 6, 10
G4-7	Nature of ownership and legal form	6
G4-8	Markets served	4, 6, 10, 18/19
G4-9	Scale of the organization	6, 18, 21, 41
G4-10	Employees by employment type, gender and region	42/43
G4-11	Percentage of employees covered by collective bargaining agreements	45
G4-12	Description of the supply chain	21 – 27
G4-13	Significant changes during the reporting period	20
G4-14	Implementation of the precautionary principle	13, 30
G4-15	External initiatives that the organization endorses	16, 51/52
G4-16	Significant memberships in industry and business associations	16

	Reference	Omissions
G4-17	Entities included in the consolidated financial statements	4, 7, 10
G4-18	Process for defining the report content	4
G4-19	Material Aspects identified	5
G4-20	Aspect Boundaries within the organization	5
G4-21	Aspect Boundaries outside the organization	5
G4-22	Restatement of information provided in previous reports	18, 21, 31/32, 34/35, 38/39
G4-23	Significant changes in the Scope and Aspect Boundaries	4
Stakeholder Engagement		
G4-24	Stakeholder groups engaged	4, 16
G4-25	Identification and selection of stakeholders	4
G4-26	Approach to stakeholder engagement and frequency	4, 16
G4-27	Key topics and concerns raised through stakeholder engagement and response	15/16
Report Profile		
G4-28	Reporting period	4
G4-29	Date of most recent previous report	4
G4-30	Reporting cycle	4
G4-31	Contact point for questions regarding the report	Imprint
G4-32	"In accordance" option with GRI and Content Index chosen	55
G4-33	External verification of the report	55
Corporate Governance		
G4-34	Governance structure, incl. committees of the highest governance body	12, Consolidated Financial Statements 199
G4-35	Process for delegating authority for economic, environmental and social topics	10, 12/13
G4-36	Executive-level position with responsibility for economic, environmental and social topics	10, 12/13
G4-37	Processes for consultation between stakeholders and the highest governance body	12, 16
G4-39	Independence of the chair of the highest governance body	13
G4-40	Nomination and selection processes for the highest governance body and its committees	12
G4-41	Process for avoiding conflicts of interest	13 – 15
G4-42	Highest governance body's role concerning strategy and goals	11 – 15
G4-43	Measures taken concerning the highest governance body's knowledge on sustainability issues	13
G4-46	Highest governance body's role concerning the effectiveness of the risk management	13

	Reference	Omissions
G4-47	Frequency of the review of economic, environmental and social impacts, risks	13
G4-48	Highest committee that formally reviews and approves the Sustainability Report	4
G4-49	Process for communicating critical concerns to the highest governance body	12, 16
G4-51	Remuneration policies for the highest governance body and senior executives	13, Consolidated Financial Statements 35
G4-52	Process for determining remuneration	13, Consolidated Financial Statements 35
Ethics and Integrity		
G4-56	Values, principles, standards and norms of behaviour	11/12, 14/15, 44
G4-58	Mechanisms for reporting concerns about unethical or unlawful behaviour	15
SPECIFIC STANDARD DISCLOSURES		
Economic		
Aspect: Economic Performance – Management approach		17 – 19
G4-EC1	Direct economic value created and distributed	18/19
G4-EC2	Financial implications and other risks and opportunities due to climate change	30
G4-EC4	Financial assistance received from government	20
Aspect: Procurement/Sourcing Practices – Management approach		49
G4-EC8	Indirect economic impacts	49/50, 53
Aspect: Procurement/Sourcing Practices – Management approach		21, 28
G4-EC9	Proportion of spending on local suppliers	28
FP2	Percentage of purchased volume verified as being in accordance with international standards	28, 51/52
Environmental		
Aspect: Energy – Management approach		29, 31
G4-EN3	Energy consumption within the organization	31
G4-EN5	Energy intensity	31/32
G4-EN6	Reduction of energy consumption	31/32
OG3	Amount of renewable energy	29, 32
Aspect: Emissions – Management approach		29, 32/33
G4-EN15	Direct greenhouse gas (GHG) emissions (Scope 1)	32/33, 37/38
G4-EN16	Energy indirect greenhouse gas (GHG) emissions (Scope 2)	32/33
G4-EN18	Greenhouse gas (GHG) emissions intensity	33
G4-EN19	Reduction of greenhouse gas (GHG) emissions	33

	Reference	Omissions
G4-EN20 Emissions of ozone-depleting substances (ODS)	33	
Aspect: Effluents and Waste – Management approach	34/35	
G4-EN23 Total weight of waste by type and disposal method	34/35	
G4-EN24 Total number and volume of significant spills	35	
Aspect: Products and Services – Management approach	28/29, 47, 37, 50 – 52	
G4-EN27 Mitigation of environmental impacts of products and services	31 – 33, 37 – 39	
Aspect: Transport – Management approach	37	
G4-EN30 Significant environmental impacts of transporting products	37 – 39	
Aspect: Overall - Management approach	30	
G4-EN31 Environmental protection expenditures and investments	30	
Aspect: Supplier Environmental Assessment – Management approach	21, 28	
G4-EN32 Percentage of new suppliers that were screened using environmental criteria	21	No code of conduct for suppliers so far; to be developed by 2020
Aspect: Environmental Grievance Mechanisms – Management approach	15	
G4-EN34 Grievances about environmental impacts	30	
Social		
Labour Practices and Decent Work		
Aspect: Employment – Management approach	40/41	
G4-LA1 New employee hires and employee turnover	42/43	Rate by age group, employee turnover by gender and age group classified as confidential information
Aspect: Occupational Health and Safety – Management approach	47/48	
G4-LA6 Injuries, occupational diseases, lost days, and work-related fatalities	47/48	Type of injury, rates of injury and occupational diseases by gender classified as confidential
G4-LA7 Workers with high incidence or risk of diseases	48	
Aspect: Training and Education – Management approach	40, 46	
G4-LA9 Average hours of training	46	
G4-LA11 Percentage of employees receiving regular performance and career development reviews	46	Absolute number classified as confidential information
Aspect: Diversity and Equal Opportunity – Management approach	44/45	
G4-LA12 Composition of governance bodies and breakdown of employees by aspects of diversity	44/45	Reporting on minorities prohibited by law
Aspect: Equal Remuneration for Women and Men – Management approach	45	
G4-LA13 Ratio of basic salary and remuneration of women to men	45	
Aspect: Supplier Assessment for Labour Practices – Management approach	21, 28	
G4-LA14 Percentage of new suppliers that were screened using labour practices criteria	21, 28	No code of conduct for suppliers so far; to be developed by 2020
Aspect: Labour Practices Grievance Mechanisms – Management approach	16, 44/45	
G4-LA16 Grievances about labour practices	44/45	

	Reference	Omissions
Human Rights		
Aspect: Non-discrimination – Management approach		
G4-HR3 Incidents of discrimination and corrective actions taken	44/45	
Supplier Human Rights Assessment – Management approach		
G4-HR10 Percentage of new suppliers that were screened using human rights criteria	21, 28	No code of conduct for suppliers so far; to be developed by 2020
Aspect: Anti-corruption – Management approach		
G4-SO4 Communication and training on anti-corruption	15	
G4-SO5 Confirmed incidents of corruption and actions taken	15	
Aspect: Public Policy – Management approach		
G4-SO6 Total value of political contributions	11, 14, 20	
Aspect: Anti-competitive Behaviour – Management approach		
G4-SO7 Legal actions for anti-competitive behaviour, anti-trust and monopoly practices	11–14	
Aspect: Compliance – Management approach		
G4-SO8 Fines and sanctions for non-compliance with laws and regulations	15	
Aspect: Supplier Assessment for Impacts on Society – Management approach		
G4-SO9 Percentage of new suppliers that were screened using criteria for impacts on society	21, 28	No code of conduct for suppliers so far; to be developed by 2020
Sector specific Aspect: Healthy and Affordable Food		
BayWa1 Measures fostering a healthy lifestyle	50/53	
Product Responsibility		
Aspect: Customer Health and Safety – Management approach		
G4-PR1 Percentage of significant product and service categories for which health and safety impacts are assessed	50/51	
G4-PR2 Incidents of non-compliance with regulations and voluntary codes concerning the health and safety impacts of products and services	51/52	
FP5 Percentage of production volume manufactured at sites certified according to international standards	50	
Aspect: Product and Service Labelling – Management approach		
G4-PR3 Principles/procedures for product and service information and labelling	51/52	
G4-PR4 Incidents of non-compliance with regulations and voluntary codes concerning product and service information and labeling	51/52	
G4-PR5 Results of surveys measuring customer satisfaction	50	
Aspect: Compliance – Management approach		
PR9 Significant fines concerning the provision and use of products and services	16	
	11, 14, 49 – 51	
	15, 50	

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Contents



Introduction

Strategy and
Governance



Market



Environment
and Climate



Employees



Quality
of Life

Appendix