

Space for Sustainability

Acting responsibly.



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Dear Readers,



Prof. Klaus Josef Lutz
Chief Executive Officer of BayWa AG

In keeping with the notion of "Space for Sustainability", we will once again give an account of how we put our corporate responsibility into practice. For us, this means linking economic success with the interests of our stakeholders. After all, as a company with cooperative roots, we want to create value for society in all we do.

At the same time, by taking social responsibility as the compass that guides our actions, we secure and enhance the value of our company as well. We are well aware that global challenges such as climate change, supplying food for a global population soon to swell to ten billion people or biodiversity loss will dictate our business and its long-term development. We must respond with innovative solutions in order to be successful on the market and in society, and digitalisation has a key role to play in this.

We firmly believe that a company's ability to preserve its value is also reflected in the level of transparency that it achieves with respect to employees, customers, partners, society and policymakers. This is why we have been publishing a sustainability report for the past four years; this year's instalment also meets the European non-financial reporting obligation. It represents our long-term strategy and demonstrates through key performance indicators how we are constantly improving

our environmental and social scorecard. In these efforts, we take our guidance from select goals of the 17 United Nations Sustainable Development Goals, which extend to 2030.

There are many examples that show how we are working hard, here and now, on making the world a more sustainable place – from the use of satellites for field-specific forecasts of nutrient and water requirements in agriculture and CO₂ reduction plans for logistics and company locations to our apprentices, who we have trained to become energy scouts. You will learn more about these efforts in this report. On behalf of the entire Board of Management, I invite you to have a look and hope you enjoy reading all about sustainability at BayWa.

In closing, I would like to say thank you to all of the employees who help BayWa become a little more transparent and sustainable every day. I believe we are well on our way. Please see for yourself.

Best regards,

A handwritten signature in black ink, appearing to read "Klaus Lutz".

Prof. Klaus Josef Lutz
Chief Executive Officer of BayWa AG



About this report

G4-18, G4-22, G4-23

With its fourth Sustainability Report, BayWa gives an account of how it puts its corporate responsibility into practice. The report describes the impact of the company's operations on the environment and society, documents key figures and presents objectives and measures that BayWa uses to manage its sustainability-related activities. The reporting period is the financial year 2017 (1 January to 31 December). Where available, data from the previous year is included for comparison. Reporting is carried out annually. The next Sustainability Report will probably be published in April 2019.

Audit and separate consolidated non-financial report

As with the previous reports, the BayWa Sustainability Report 2017 was prepared in accordance with the fourth-generation (G4) Guidelines of the Global Reporting Initiative (GRI) to ensure international comparability. It was reviewed by the Board of Management of BayWa AG and approved for release. The current report was also audited for the first time by an auditing company, which reported its findings to the Supervisory Board. The report implements the requirements of the German CSR Directive Implementation Act and contains the separate consolidated non-financial report for the Group and parent company. The rele-

vant content is labelled in the GRI Index (page 85). GRI has confirmed that the content of this report is in conformity with their guidelines.

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

The content to be included in the report was determined by way of a materiality analysis, which was based on the UN Sustainable Development Goals (SDG), to which the corresponding aspects and indicators of the GRI G4 Guidelines and the GRI Sector Disclosures for "Food Processing" and "Oil and Gas" were assigned (see page 12). The content for the declaration of non-financial information as a subset of the report was determined by way of an assessment of the BayWa Group's negative effects on the environment, employees and society (see page 13).

Besides the parent company, BayWa AG, the BayWa Group comprises 323 fully consolidated companies. The general statements in the management approaches in this report relate to the whole Group. Differing approaches and structures at subsidiaries are described in the text. The scope of data collection includes BayWa AG locations primarily situated in Germany and Austria, BayWa Obst GmbH & Co. KG (for short: BayWa

 In this text, the use of this symbol identifies the significant performance indicators that BayWa has established during its implementation of the German CSR Directive Implementation Act.



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Obst GmbH) locations and the locations of subsidiary BayWa r.e renewable energy GmbH plus affiliates (for short: the BayWa r.e. Group), which mainly operate in Europe and the United States. As in the previous year, the subsidiaries Cefetra B.V., Netherlands; T&G Global Limited (for short: T&G Global), New Zealand; and RWA Raiffeisen Ware Austria AG (for short: RWA AG) and "UNSER LAGERHAUS" Warenhandelsgesellschaft m.b.H. (for short: "UNSER LAGERHAUS"), both in Austria, were included. The following companies were newly integrated into the reporting for 2017: RI-Solution GmbH Gesellschaft für Retail-Informationssysteme, Services und Lösungen mbH (for short: RI-Solution GmbH), other affiliates of RWA AG and the CLAAS affiliates (in short: CLAAS). In addition to these companies, the following companies have been included for the first time in the information about employees: Bad und Heizung Krampf GmbH, BayWa Agrarhandel GmbH, BayWa Agri GmbH & Co. KG, BayWa Energie Dienstleistungs GmbH, BayWa Pensionsverwaltung GmbH, Diermeier Energie GmbH, FarmFacts GmbH,

Raiffeisen Waren GmbH Nürnberger Land, TESSOL Kraftstoffe, Mineralöle und Tankanlagen Gesellschaft mit beschränkter Haftung, Wingenfeld Energie GmbH. The latter fall under "other companies" for the purposes of this report. As a result, the information in this report covers approximately 90 per cent of consolidated revenues.

If necessary, reformulations due to adjustments, retrospective recognitions or changed data collection deviating from previous reports are included as footnotes.

Note from the editor:

The editorial deadline was 12 February 2018. The Sustainability Report is available in German and English.

 [German version of the Sustainability Report](#)



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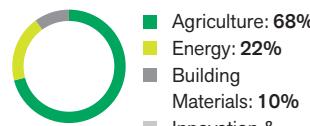
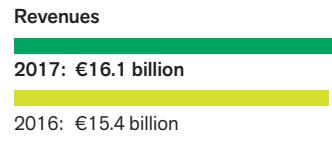
Employees



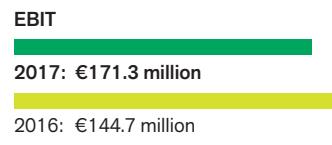
Quality of Life

Appendix

Profile of BayWa



¹ The segment Innovation & Digitalisation makes up less than 1 per cent of total revenues.



See also Consolidated Financial Statements

Healthy nutrition, climate protection and sustainability: the things that people across the world wish for are reflected in BayWa's range and strategy. As a trading, logistics and services group with international operations in the agriculture, energy and building materials businesses, BayWa focuses on basic human needs and helps to responsibly shape the future of our world.

Action driven by values

BayWa's three core segments – namely the Agriculture, Energy and Building Materials Segments – trace their roots back to the company's origins: providing rural regions with everything they need. Part of BayWa's efforts today also include shaping the digital transformation, which BayWa aims to do through its Innovation & Digitalisation Segment focused on the development of new and digital solutions. Trust, solidarity and innovation are hallmarks of how the company does business, and they find expression in transparency, social responsibility and a commitment to global sustainability goals. The Renewable Energies business unit captures the essence of sustainability and has become an integral part of BayWa. In fact, it is impossible to imagine BayWa today without this business unit, which is not even ten years old. To promote healthy

nutrition, the BayWa Foundation has been supporting sustainable education projects around the world for 20 years. The largest shareholders of the company, which has been listed in the Prime Standard segment of the Deutsche Börse since 2000, include Bayerische Raiffeisen-Beteiligungs-AG, with a 34.9 per cent stake, and Raiffeisen Agrar Invest GmbH, with a 25.0 per cent stake. A further 40.1 per cent of shares are free float.

There for customers – worldwide

BayWa's roots are found in agricultural cooperative trading. It had its origins in providing rural regions with everything required for agriculture. Nowadays, BayWa coordinates some 3,000 locations in 41 countries from its headquarters in Munich. In 2017, the company generated €16.1 billion in revenues with a workforce of 17,550 employees. The key markets are Europe, the United States and New Zealand. With regard to renewable energies, increasing focus is being placed on the Asian market. The share of revenues generated abroad stood at approximately €9.5 billion in 2017. Tapping into further select foreign markets is part of the growth strategy. A dense sales network and comprehensive digital offerings bring BayWa's products and services into remote



regions as well. Customers – particularly farmers and foresters, consumers, industry, commercial enterprises and trading companies – value the professional expertise of well-trained employees and the vendor-independent product range for which BayWa draws on more than 30,414 suppliers.

Segments for growing needs

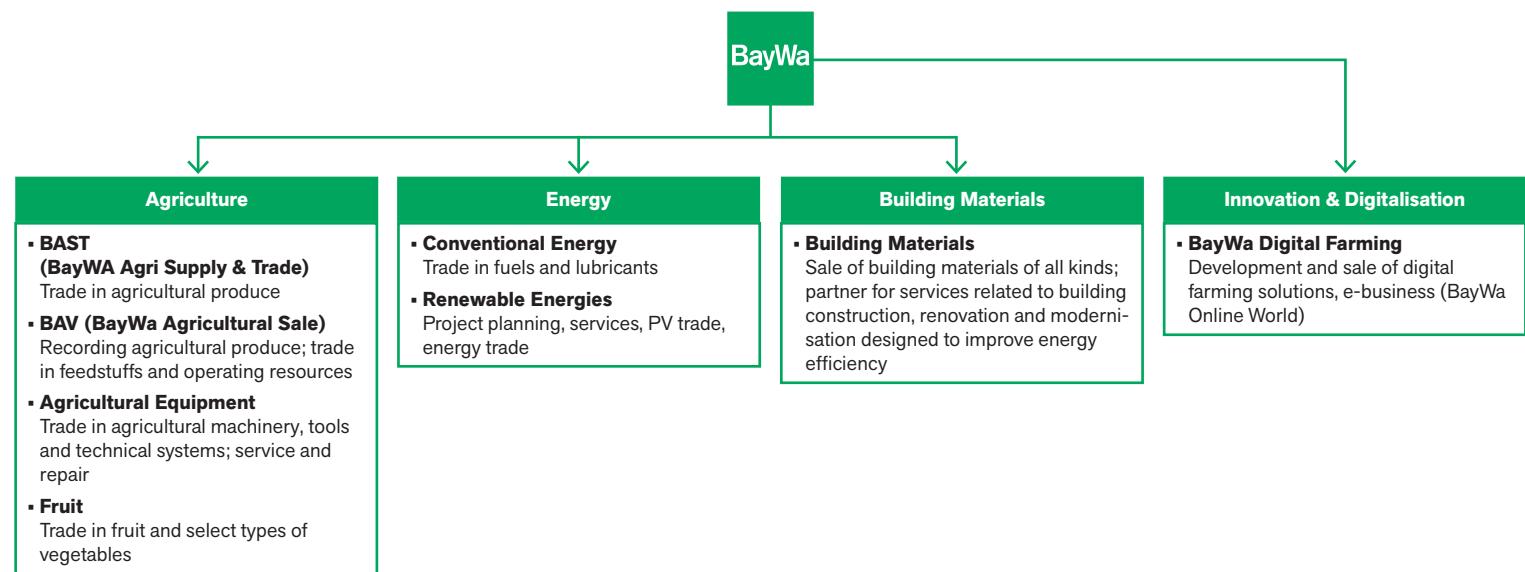
BayWa covers basic human needs through its Agriculture, Energy and Building Materials Segments (see diagram on page 8). In its Agriculture Segment, BayWa provides a comprehensive range of trading and other services for the agricultural industry by combining local presence – during the provision of operating resources such as seed and fertilisers, as well as during harvest recording activities – with international reach in terms of trade in and logistics for agricultural products. BayWa is at home in both the northern and southern hemispheres with its Fruit business unit. It markets a diverse range of products worldwide, from pome fruit to tropical fruits right up to select vegetable types. In the field

of agricultural equipment, BayWa supplies the whole spectrum of machines, devices and systems, along with the corresponding services, as a sales partner to renowned manufacturers.

In the conventional energy business, the company markets fuels, heating fuels and lubricants as well as combined solutions that help to provide rural regions with a modern energy supply. BayWa is a major international player in the future market of renewable energies. It has systematically tapped the potential of the value chain in terms of wind, solar and biomass, and is represented in the most important markets across all borders. BayWa is one of the most important providers of building materials in its core regions of southern Germany and Austria. The Innovation & Digitalisation Segment, which has been its own independent segment since 2016, pools the digital activities at the Group, helps customers to optimise agricultural processes and thereby creates new opportunities for globally sustainable development.



Structure of the BayWa Group¹



¹ State of structure until 31 December 2017

Strategy and Governance

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



A responsible approach to people and natural resources has been an integral part of BayWa's corporate strategy for generations. This conviction comes from BayWa's cooperative roots, shaped by partnership, stability and reliable planning. The environment and the climate, employees, the market, quality of life – BayWa has not only set strategic sustainability targets in these fields of action, it has also defined how to handle global opportunities and risks. Back in 2016, the company aligned its aims with the United Nations Sustainable Development Goals (SDGs). BayWa took another step in 2017 by reviewing and revising its strategy with a view to the impact of its business activities on the environment and society.



Sustainability approach of BayWa

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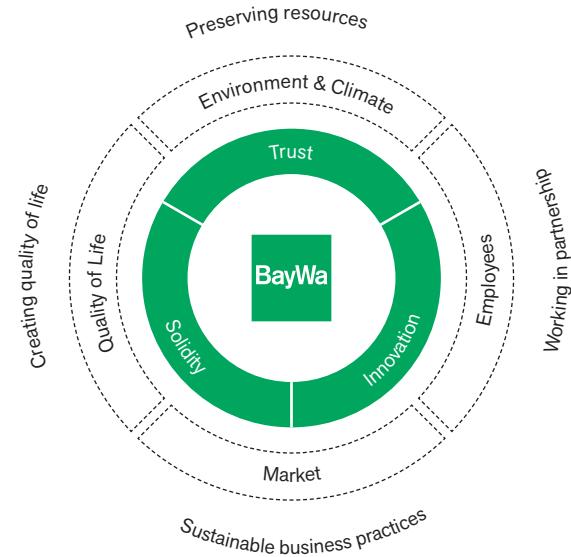
BayWa's sustainability objectives

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.

Materiality analysis

In 2016, the BayWa sustainability steering committee reviewed the strategic focus and updated the definition of the material steering and reporting issues based on eleven selected SDGs. With the help of an external moderator, the participants looked at the most relevant challenges from a business and social perspective. For the latter, they assumed the point of view of the three stakeholder groups that are most relevant to BayWa: customers, suppliers and employees. Experience shows that 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.

BayWa's sustainability strategy



G4-27

Using an overall scale from 1 (insignificant) to 10 (extremely significant), 11 of the 17 SDGs in total with an average rating of more than 7 were classed as significant. Since then, the findings (see image) have constituted the foundation for sustainability management and annual reporting in accordance with the Global Reporting Initiative (GRI). In the further development of its sustainability strategy, the company will pay attention to making a particular contribution to the implementation of these global targets.

A steering committee meeting in early October 2017 analysed the SDGs in relation to their significance for long-term business success and defined significant impacts of the BayWa Group's business activities within this context. The purpose of doing so was to review the strategic focus and define material information for the implementation of the German CSR Directive Implementation Act. Under the European CSR reporting obligation, BayWa AG will have to present a non-financial statement for the first time in 2018. The Group will have to report on those aspects that are relevant for understanding business performance, business results and the company's position, and that are also associated with a significant impact on non-financial aspects.

Based on the SDGs, the sustainability steering committee therefore discussed the significance of non-financial issues for future business development and defined the fields in which BayWa's business activities are associated with significant impacts on the environment, employees and society. The discussion revealed that potential positive or negative impacts on the environment, employees and society exist for five general issues at BayWa:

- Ensure Climate Protection and Production of Sustainable Energy
- Protect Terrestrial Ecosystems
- Promote Health
- Achieve Sustainable Growth and Fair Working Conditions
- Ensure Sustainable Production, Trade and Consumption

For all issues, BayWa's potential impact was classified as not severe, as BayWa's direct influence is very limited in each instance (see diagram, page 13).



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



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

Achieve Food Security and Sustainable Agriculture

SDG²: 2. End hunger



Aspects³: Indirect Economic Impacts (i, o), Product and Service Labelling (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 Labour Practices (o)

Ensure Climate Protection and Production of 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)



Promote Health

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



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

Promote Peace and Constitutional Justice

SDG²: 16. Peace, justice and effective institutions



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 Labelling (i, o), Grievance Mechanisms for Labour Practices (i, o); Human Rights (o); Social Impacts (o), Non-discrimination (i, o), Supplier Assessment for Labour Practices (o)

Achieve Equality

SDG²: 5. Gender equality
10. Reducing inequality



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)

Develop New Global Partnerships

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



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

Achieve Sustainable Growth and Fair Working Conditions

SDG²: 8. Decent work and sustainable economic growth



Aspects³: 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)

Protect Terrestrial Ecosystems

SDG²: 15. Life on earth



Aspects³: 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)

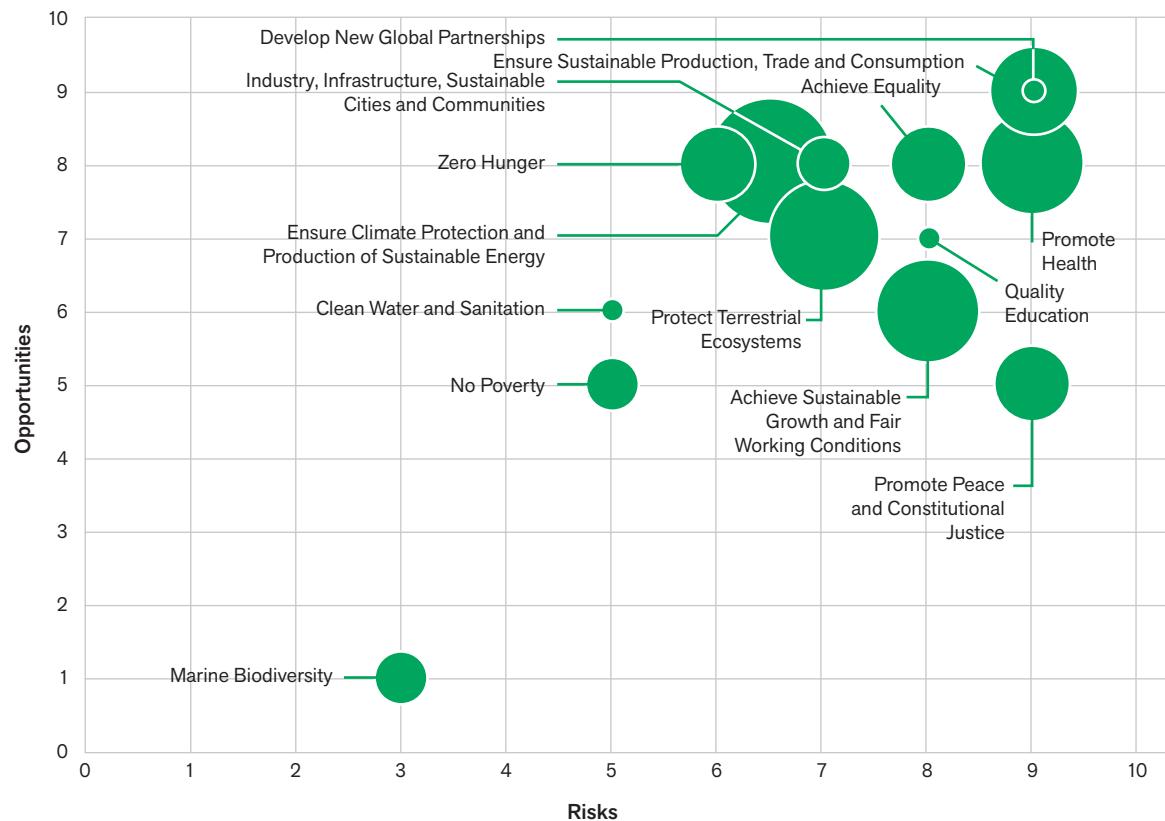
¹ The following SDGs were assigned a score of less than seven and were therefore considered insignificant for BayWa: Clean Water and Sanitation; Quality Education; Industry, Innovation and Infrastructure; Sustainable Cities and Communities; No Poverty; and Marine Biodiversity. For information on the 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](#).



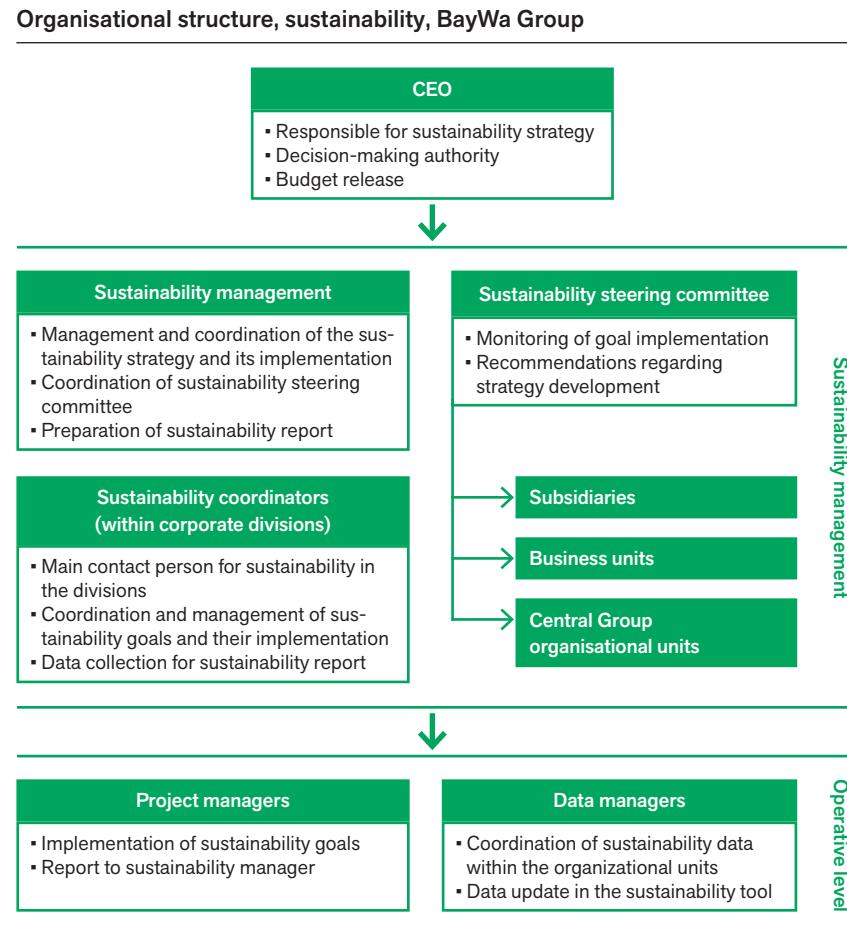
Results of the materiality analysis



Based on these materiality analyses, BayWa has defined the following information as part of this sustainability report for the non-financial statement in accordance with the German CSR Directive Implementation Act. These are also reported in the GRI index (page 85):

Separate consolidated non-financial report aspects	Corresponding relevant areas	Significant performance indicators
Ensure Climate Protection and Production of Sustainable Energy	Environmental concerns	Energy and emissions Energy consumption and CO ₂ emissions resulting from energy consumption
Protect Terrestrial Ecosystems	Environmental concerns	Transport and logistics CO ₂ emissions resulting from transport
Achieve Sustainable Growth and Fair Working Conditions	Anti-corruption Human rights Employee concerns	Waste and effluents Waste volume Compliance Number of employees who received training Human rights Diversity and equal opportunity Training and education Safety and health
Promote Health	Social concerns	Commitment to healthy eating Annual foundation funding
Ensure Sustainable Production, Trade and Consumption	Social concerns	Purchasing Not yet defined





Sustainability organisation within the Group

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

All 323 of the current fully consolidated BayWa Group companies are to be included in the described responsibility structure in the medium term.



Binding values

Brand mission

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

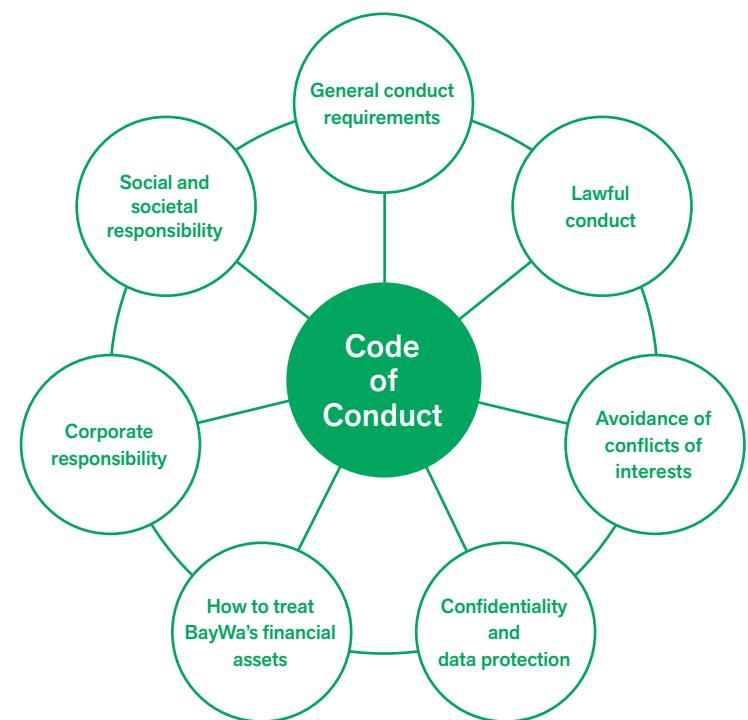
The Code of Conduct calls on managers in particular to set a good example and to deal with employees fairly and respectfully.

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 2016.

Components of BayWa's Code of Conduct



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 in the previous year, the **Board of Management** consisted of five members as at 31 December 2017. 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 (FührposGleichberG) stipulates a fixed gender quota of 30 per cent women on supervisory boards, which BayWa AG takes into account when making job appointments. On 5 August 2015, the Supervisory Board complied with the additional legal requirement of setting a target for a gender quota concerning the Board of Management and achieving said target no later than 30 June 2017, which it did by setting a target of 0 per cent for the share of women on the Board of Management. The Supervisory Board reviewed the target at the meeting on 2 August 2017. The Supervisory Board again defined a target for women on the Board of Management of 0 per cent by 30 June 2022.



 See also the Opportunity and Risk Report in the Consolidated Financial Statements, page 37

An employment contract with one member of the Board of Management will likely expire by 31 December 2018. There are no plans to create an additional Board of Management remit. As a result, a target for women of greater than 0 per cent would compel the Supervisory Board to include a woman the next time it fills a vacancy on the Board of Management, which would limit the Supervisory Board's flexibility with regard to staffing decisions and the number of potential candidates.

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

Avoiding conflicts of interest

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

est on the Board of Management or on the Supervisory Board in the financial year 2017.

Remuneration and training

The remuneration system for the Board of Management, including key contractual components, is reviewed by the Supervisory Board once a year. Total remuneration consists of a fixed salary, as well as short-and long-term variable components. In 2017, total remuneration for the Group's Board of Management amounted to €6.564 million (2016: €6.910 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 2017, total remuneration for the Supervisory Board amounted to €0.657 million (2016: €0.761 million), of which €0.322 million (2016: €0.425 million) was variable.

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



Management of opportunities and risks

The management of opportunities and risks is an ongoing area of entrepreneurial activity, which is necessary to ensure the long-term success of the Group. It is closely aligned with BayWa's long-term strategy and medium-term planning, as well as targets for the current financial year. The risk management system is monitored and managed by a Risk Board, which is headed by the Chief Executive Officer and meets 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 anti-corruption

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.

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

Compliance audit areas

Audit focal points

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

Guidelines, structures and processes

The Corporate Compliance organisational unit is headed by the Chief Compliance Officer, who reports directly to the Chief Executive Officer. Corporate Compliance's activities focus on preventing corruption, anti-trust law, combating money laundering, IT security, customs/export control and ensuring data protection. Policies, training workshops, guidance and internal investigations all play a role in adhering to these aims. Corporate Compliance and Corporate Audit work together closely in internal investigations. With regard to the Group-wide implementation of compliance rules, officers in the business units and at Group companies with their own operations assist Corporate Compliance by regularly reporting to it. RWA AG has its own compliance management system headed by a compliance officer. Both Compliance organisations maintain close contact. Since 2015, Corporate Audit has performed compliance testing in the audit fields listed adjacent. Compliance risks are identified as part of a regularly occurring risk analysis.

BayWa ensures a uniform understanding of compliance through targeted communication measures, on-site training workshops and online training modules. All relevant information, such as guidelines, is available on a dedicated intranet page. Compliance training is mandatory for



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.

managers and for employees who have direct contact with customers, suppliers or competitors, and it focuses on issues such as antitrust law, anti-corruption and data protection. Additional training formats in the areas of activity are currently in development and will be rolled out in 2018 (see page 19).

Customer concerns, comments and complaints that BayWa receives in person, by telephone, email, fax or post are forwarded directly or through a complaints management system to the department responsible. Employees who suspect unlawful practices can report their grievances at the parent company and the subsidiaries either to Corporate Compliance or an external ombudsman. They will look into the tip-off and take any necessary action. Since December 2015, employees have also had the option to report any suspicions through an anonymous whistle-blower system. All tip-offs received through this system are treated confidentially.

Objectives

BayWa is planning to establish a data protection management system to implement the requirements of the EU General Data Protection Regulation by May 2018. To achieve this goal, BayWa is taking the following steps in particular:

- Introduction of a register of processing operations
- Amendment of contracts with service providers
- Introduction of processes to safeguard the rights of affected parties
- Modification of training programmes
- Amendment of guidelines

BayWa also plans to continue developing the information security management system, which is scheduled for completion by 2020. To achieve this goal, BayWa is taking the following steps in particular:

- Modification of training programmes
- Amendment of guidelines
- Performance of IT risk analyses



Performance indicator and outcome

Thanks to a regular training cycle, employees become familiar with and brush up on compliance-related rules on a recurring basis. During the reporting year, a total of 470 employees completed on-site training on compliance, and 2,653 employees completed online training on anti-trust law and anti-corruption.

BayWa AG employees who completed compliance training	2016 ¹	2017
Compliance basics including anti-corruption and antitrust law (on-site training)	251	470
Compliance basics including anti-corruption and antitrust law (online training)	7,783	2,653

¹ The previous year's figures have been adjusted due to a modified data collection method; figures for 2016 and 2017 excluding participants in data protection training courses

Further outcomes

Corporate Audit completed 19 audits in 2017. Select BayWa business units and Group companies also underwent review at four additional compliance workshops. BayWa found no significant corruption risks.

In March 2015 and January 2016, the Bundeskartellamt (German federal antitrust authority) performed searches of various offices at BayWa headquarters based on orders from the Bonn district court. The investigations continued in the reporting year. The company continues to assist the Bundeskartellamt in resolving the matter. No material fines for failure to comply with laws and requirements were imposed on BayWa in 2017.



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 the BayWa subsidiary Cefetra B.V., employees complete surveys following customer contact. At BayWa r.e., customer assessments, for example those collected via hotline, are included in the departments' target agreements. The Agriculture Segment surveyed more than 1,000 organic farmers in Germany in 2016 so as to be better able to address their needs.

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 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 in employee meetings convened by the Works Council. Cefetra B.V. uses

this approach to inform employees four times a year of operational changes. Employees can submit their ideas for improvement through the employee suggestion scheme. A total of 375 ideas were received in 2017 (2016: 338).

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.



Market

› [Business development and performance](#) › [Procurement](#) › [Value chain overview](#) › [Protecting human rights across the supply chain](#)



Through innovative products and services, BayWa helps its customers to meet global challenges, such as climate change and the growing global population. To this end, BayWa is driving the development of forward-looking, digital technologies for the agricultural sector. As a global trading company, BayWa collaborates with a wide range of partners from different procurement markets. The company is currently developing its own Code of Conduct for all suppliers to ensure sustainable procurement practices across complex supply chains. BayWa also assumes responsibility in the supply chain through local procurement. Shorter transport routes are better for the environment, and purchasing regional products and services strengthens the domestic economy.



Business development and performance

The BayWa Group's focus on Europe is increasingly complimented by activities in the United States, New Zealand, Asia, Africa and South America. In 2017, approximately 59 per cent of consolidated revenues were generated abroad.

 See also Consolidated Financial Statements, page 1

In 2017, BayWa benefited once more from its broadly diversified business portfolio. All of the Group's operating segments increased their earnings year on year. In total, the BayWa Group is represented at around 3,000 locations in 41 countries through direct or indirect holdings. More than 850 of these locations are in Germany. The subsidiaries included in this report provide good examples of BayWa's international business: Cefetra B.V. (Netherlands), RWA Raiffeisen Ware Austria AG (Austria), "UNSER LAGERHAUS" Warenhandelsgesellschaft m.b.H. (Austria), BayWa r.e. renewable energy GmbH and T&G Global Limited (New Zealand). They also made a significant contribution to the BayWa Group's earnings before interest and tax (EBIT), which improved by 18.4 per cent to €171.3 million in 2017. The BayWa Group generated revenues of €16,055.1 million in the reporting year, marking a 4.2 per cent increase year on year. The consolidated net result increased by 27.5 per cent to €67.2 million. In light of this, the Board of Management and Supervisory Board will propose a 5 cent dividend increase to 90 cents per share at the Annual General Meeting.

The Agriculture Segment covers the entire range of agricultural products and services and traditionally generates the largest share of the BayWa Group's revenues. At €10,836.5 million, revenues for the Agriculture Segment in the financial year 2017 were on par with the previous year (€10,884.5 million). EBIT grew by €12.0 million to

BayWa Group EBIT (in € million)¹

	2016	2017
BAV	28.7	25.7
BAST	-11.5	7.0
Agricultural Equipment	10.6	19.9
Fruit	42.3	29.5
Agricultural Segment	70.1	82.1
Energy	15.8	18.5
Renewable Energy	67.3	66.5
Energy Segment	83.1	85.0
Building Materials Segment	28.5	30.1
Innovation & Digitalisation Segment	-8.6	-10.8
Other Activities ²	-28.6	-15.2
Total	144.7	171.3

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

2 Alongside peripheral activities, Other Activities mainly comprises the BayWa Group's activities in the field of real estate.





BayWa climbs on board with electromobility



In July 2017, BayWa AG joined the ladenetz.de alliance and the e-roaming network known as intercharge. ladenetz.de is an initiative hatched by smartlab Innovationsgesellschaft, a company that develops products and concepts dedicated to electromobility. intercharge is managed by more than 300 partners of Hubject GmbH through the e-roaming platform. Through these two partnerships, BayWa AG brings more than 80 per cent of all charging infrastructure operators together onto one card. Customers who have a BayWa filling station card can now charge their electric vehicles at ladenetz.de and intercharge stations. What is more, these customers have access to over 60,000 charge points, more than 7,000 of which are located in Germany. Within the scope of these partnerships, BayWa is also planning to erect quick-charging stations, several of them right in front of BayWa headquarters in Munich, where customers will be able to charge their electric vehicles with green electricity from BayWa r.e.

Revenue in the Building Materials Segment increased as a result of the continuing construction boom in the housing sector.

€82.1 million. At the same time, revenues in the BAST business unit fell by 5.3 per cent to €5,817.8 million in the reporting year due to price and volume factors. Due in particular to lower grain recording volumes, revenues in the BAV business unit decreased slightly by 0.4 per cent in the financial year 2017 to €2,812.9 million. On account of volume and price factors, revenues for the Fruit business unit saw a significant 22.2 per cent increase to €805.5 million. The Agricultural Equipment business unit generated €1,400.3 million in revenues in 2017, marking an 11.4 per cent increase.

At €3,594.7 million, the Energy Segment's revenues for the financial year 2017 were up year on year by €618.7 million. EBIT increased by 2.3 per cent to €85.0 million. Revenues in the conventional energy business increased by 9.7 per cent in the reporting year to €2,228.1 million, above all due to higher oil prices. The Renewable Energies business unit recorded €1,366.6 million in revenues in 2017, marking a 44.5 per cent increase.

At €1,606.1 million, the Building Materials Segment generated a 5.0 per cent increase in revenues in 2017 due to volume factors. EBIT saw disproportionate improvement in relation to sales of 5.6 per cent to €30.1 million. In addition to the positive sales development, ongoing



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

optimisation of the network of locations also contributed to the earnings improvement.

At €6.9 million, the Innovation & Digitalisation Segment generated a 15.0 per cent increase in revenues. Owing to the major investments targeting the development of digital farming solutions and the new BayWa Online World, the Innovation & Digitalisation Segment reported negative EBIT of €10.8 million.

In the financial year 2017, the BayWa Group invested around €179.5 million in intangible assets (€29.3 million) and property, plant and equipment (€150.2 million), in addition to its acquisitions. These investments were primarily for the purpose of repair and maintenance of buildings, facilities and office fixtures and fittings, as modern locations and seamlessly operating facilities are a precondition for efficient logistics processes.

Taxes, subsidiaries and political donations

The BayWa Group's income tax expenses increased by 108 per cent to €35.1 million in the financial year 2017. Taking income tax into account, the BayWa Group generated net income of €67.2 million in the financial year 2017, a year-on-year increase of 27.5 per cent (2016: €52.7 million).



Smart farming: Agriculture 4.0

The agricultural sector is undergoing a digital transformation. The data collected by agricultural machinery and satellites on soil conditions, water requirements and plant growth have long since been helping to calculate ideal fertiliser levels and increase yields per hectare. The BayWa subsidiary FarmFacts has now developed an interoperable system for this purpose under the name NEXT Farming. It helps farmers to collect the proper data, apply that data smartly and thereby optimise processes both on the farm and in the field. The system has a modular design and can be adjusted in line with farm size and cultivation method.



 See the Profile of BayWa section, page 6

In the reporting year 2017, BayWa AG made donations to political parties in Germany totalling €19,000 (2016: €9,500). 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

As part of its specialisation strategy, BayWa acquired Tracomex B.V., which is an international trader in barley, oats, legumes and organic produce, in January 2017. The BAST business unit's domestic marketing activities were transferred to the BAV business unit effective 1 January 2018. The objective is to further successfully develop the business model for the trade in produce and to rise to the future challenges on the agricultural trading markets in the best way possible. In the course of these efforts, the BAV business unit was renamed the Agri Trade & Service business unit. The Fruit business unit was renamed Global Produce effective 1 January 2018. In the Global Produce business unit, BayWa's objective is to offer retailers in Europe a diverse and attractive range of produce throughout the year. The names of the business units applicable until 31 December 2017 are used in this report. In January 2017, BayWa entered into another joint venture with Barloworld South Africa to expand the partnership for agricultural equipment and logistics technology in South Africa and neighbouring markets.

BayWa r.e. strengthened its activities in 2017 through a number of acquisitions. In addition to the Australian project development company Future Energy, which specialises in wind power, several service companies in the field of commercial and technical management were acquired. BayWa also entered into partnerships with ladenetz.de and Hubject in the reporting year, which enables electric car customers to charge their vehicles using the BayWa filling station card at over 8,000 charge points in Germany. In the lubricant business, BayWa has been using the Interlubes digital platform since 2017 to sell lubricants to B2B customers. What is more, the online portal for building materials launched in January 2017. Finally, BayWa has plotted an even clearer course into digital agriculture by establishing the independent Innovation & Digitalisation Segment, which is focused on development. In May 2017, BayWa entered into a partnership with the European Space Agency (ESA) to join forces in advancing the use of satellite information in agriculture. In addition, the BayWa Group obtained valuable expertise for the further development of digital solutions based on satellite information by acquiring 51 per cent of the shares in Vista GmbH, Munich.



Procurement

In the feedstuffs product area, ecological criteria, such as having a certified environmental management system in place or offering resource-friendly products, are included in the supplier evaluation process. In 2017, 45 feedstuffs-related suppliers underwent assessment based on ecological considerations.

With an annual procurement volume of more than €4 billion, the impact that BayWa AG's purchasing behaviour has on manufacturing conditions is by no means insignificant. If serious violations of compliance with environmental and social standards occur here, they could tarnish BayWa's reputation. During the reporting year, BayWa AG worked together with some 30,414 suppliers (2016: 32,300). It procured raw materials, goods and services worth €4.4 billion from them in 2017 (2016: €4.34 billion¹).

Guidelines, structures and processes

Procurement is organised centrally at BayWa in the Agriculture, Energy and Building Materials Segments to optimise supplier structures. The subsidiaries have also set up independent procurement structures and processes. As a result, it is possible to strengthen local procurement structures, which positively impacts the environment and society in most instances, thanks to shorter routes and optimised processes. The business units bear responsibility for the precise details of sustainability efforts concerning procurement.

In BayWa AG's Energy business unit, a purchasing and management manual regulates procurement.

The Fruit business unit has implemented a quality management system that includes a continuous improvement process. Transparency, traceability and safe products play a key role in particular in the food industry with a view to sustainability. In the event of non-conformance, the quality management system ensures that deviations are registered, and that steps towards improvement are defined and taken. In addition, suppliers make a pledge as part of a self-disclosure obligation to comply with relevant laws, standards, and quality and safety requirements.

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

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.



As part of the Bavarian Environment Agency's Sustainable Supply Chain pilot project, BayWa Obst GmbH partnered with other German companies to design and optimise a sustainable supply chain.

BayWa subsidiaries also look for their own solutions geared towards the requirements of specific supply chains. In 2008, for example, Cefetra B.V. set up the Certified Responsible Soya (CRS) standard. This standard has since become an important certification guideline for the European feedstuffs industry and for farmers in South America. The farmers are subject to review each year as part of an audit. BayWa r.e. Bioenergy GmbH only purchases its goods from suppliers who guarantee that they use no genetically modified seed.

In 2017, T&G Global also began crafting a strategy for partnering with producers in order to establish ecological and social standards that go beyond the minimum requirements of GLOBALG.A.P. and New Zealand Good Agricultural Practice (NZGAP) respectively. The plan is to continue pressing ahead with this project in 2018 and, once it has been completed, to integrate the results into the business processes.

Objectives

One of BayWa's sustainability objectives is to work towards compliance with environmental and social standards in the supply chain. The company plans to develop a Code of Conduct (COC) for suppliers based on BayWa AG's COC for this purpose, which all suppliers will sign in the long term. To achieve this objective, BayWa Obst GmbH participated with other German companies during the reporting year in the Bavarian Environment Agency's Sustainable Supply Chain project. The project aimed to develop practical tools together with and for companies to aid them in creating and optimising a sustainable supply chain.

Results

As part of the Bavarian Environment Agency's Sustainable Supply Chain pilot project, a brief reference work was prepared that contains basic information about sustainable supply chain management. A starter kit also emerged from the project. The kit helps companies to create transparency step by step in their key supply chain areas and to identify relevant sustainability risks and opportunities. In addition, the



companies received a code of conduct template that they can use for communication purposes with their own suppliers. A comprehensive overview of measures is intended to help them respond to potential sustainability risks.

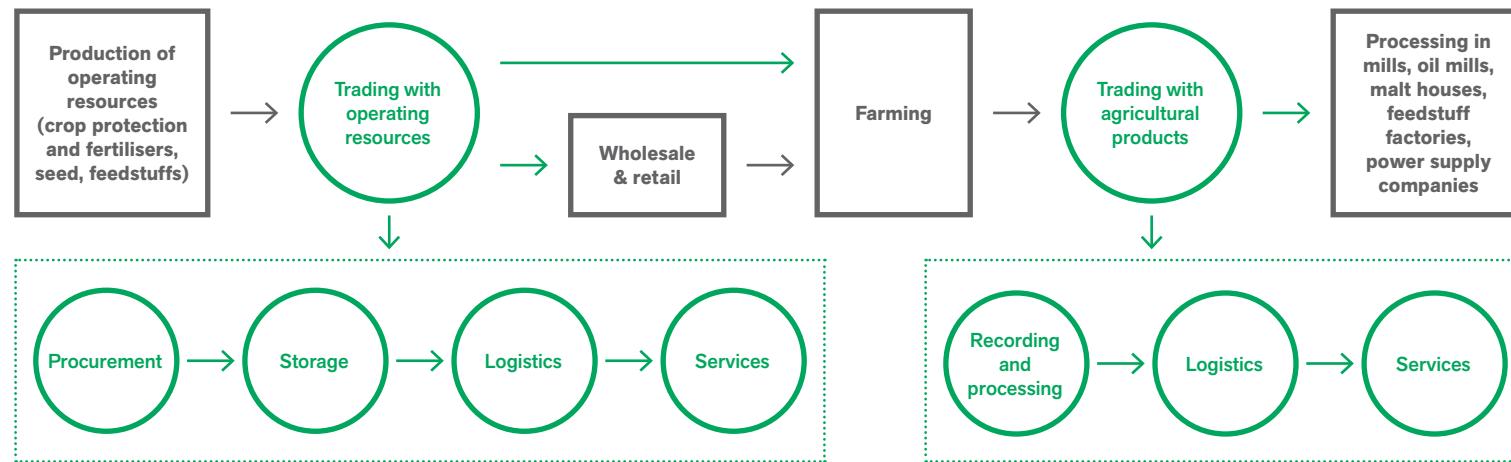
Compliance with strict environmental and social standards can be assumed for regional suppliers. In 2017, orders from BayWa AG's German locations were mainly awarded to regional suppliers (such as tradespeople and service providers). In the units BayWa Agricultural Products (BAE) und BayWa Agricultural Sales (BAV), regional suppliers

accounted for approximately 89 per cent. BayWa r.e. Bioenergy GmbH purchased 95 per cent of its renewable raw materials for biogas plants within a 20 kilometre radius of the corresponding plants. BayWa r.e. Green Energy Products GmbH purchased 97 per cent of its products in its German home market. Altogether, 71 per cent of the wood pellets purchased by the Energy business unit are from southern Germany, of which more than half of the purchased wood pellets are PEFC certified. More than 80 per cent of the fertilisers sold in the Agriculture Segment are manufactured in Europe in accordance with strict social and environmental standards.



Value chain overview

BayWa Agri Supply & Trade (BAST) and BayWa Agricultural Sales (BAV) value chain¹



**BayWa AG
Other players**

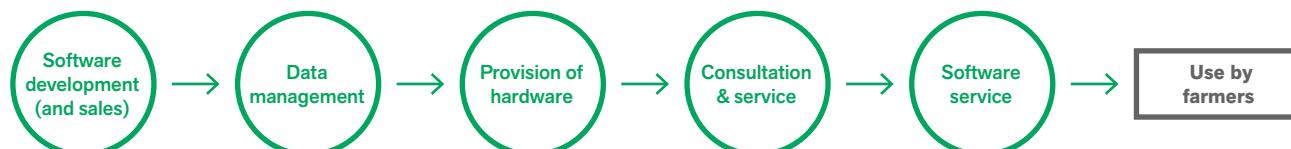
1 The Agriculture Segment was restructured with effect from 1 January 2016: the activities of the former Agricultural Trade business unit were split into the new BayWa Agri Supply & Trade (BAST) and BayWa Agricultural Sales (BAV) business units. BAST combines BayWa's domestic and international trade, distribution and logistics activities for grain, oilseed and related products. The recording business and the trade in operating resources and feedstuffs 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 an extensive sales and consulting network. Since 2016, BayWa has also offered organic farmers a special organic range of seed, feedstuffs, operating resources, barns and stables, and agricultural equipment through its BayWa Eco concept.



Digital Farming value chain

Smart farming



E-business



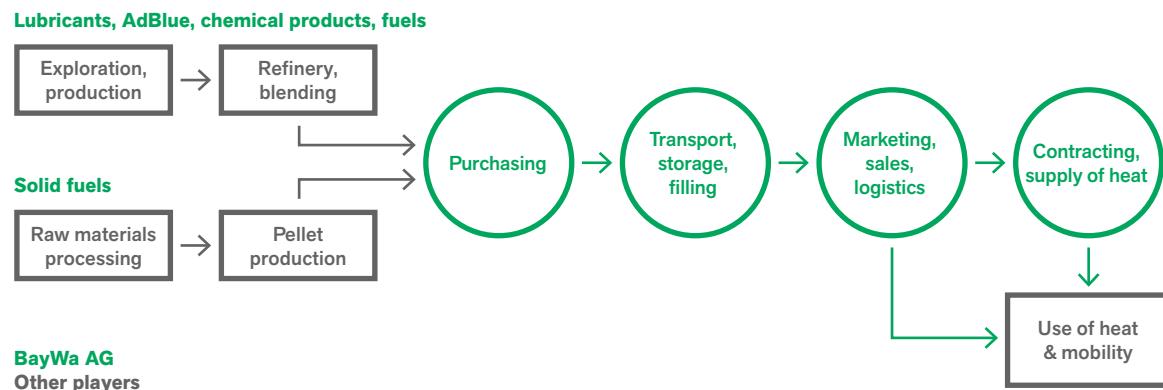
BayWa AG
Other players

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 and 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, including advising test farms in sub-Saharan Africa on the management of farmland from a base in Germany using satellite data.



Fruit value chain

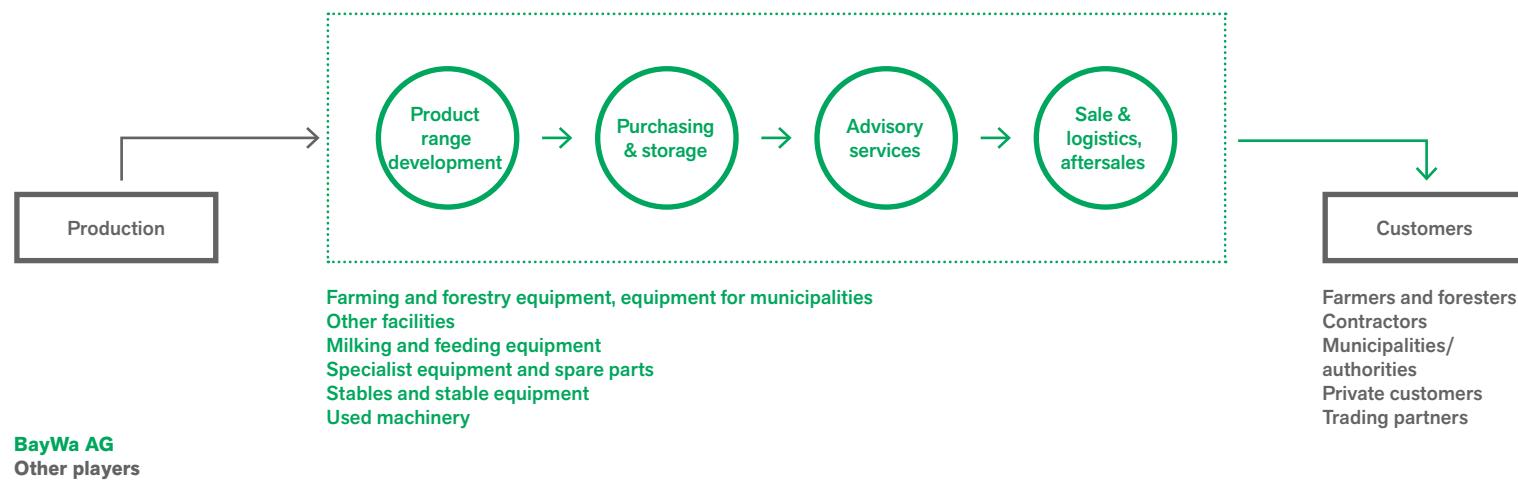
The Fruit business unit closes the gap between producers and the retail sector in the apple trade in a strong core region. It ensures its ability to perform through its national and international reach. From integrated production to organic farming, the company is always an expert partner in fruit trading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

Conventional Energy value chain

BayWa introduced climate-neutral delivery of heating oil, wood pellets and diesel in July 2017 to do its part to protect the climate. By taking targeted action, such as smart route planning, we are trying to avoid CO₂ emissions and continue reducing those which are generated. BayWa offsets unavoidable emissions through carbon credits. "Vita holz plus" wood pellets traded by the Energy business unit have been 100 per cent PEFC certified since September 2016.



Agricultural Equipment value chain

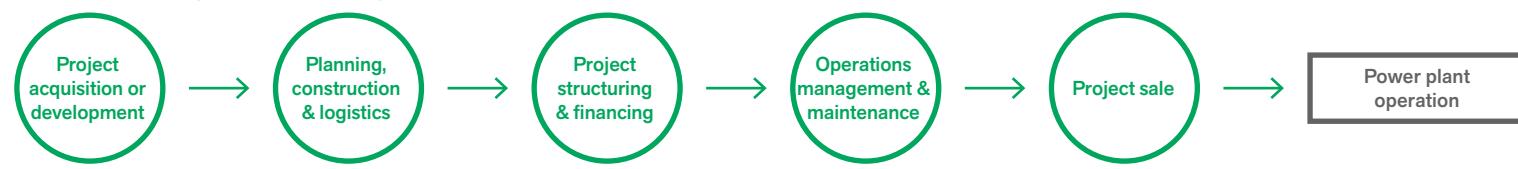


The Agricultural Equipment business unit keeps its impact on the climate and environment to a minimum through the smart use of resources. Areas of focus include the use and recycling of environmentally friendly packaging materials.



Renewable Energies value chain

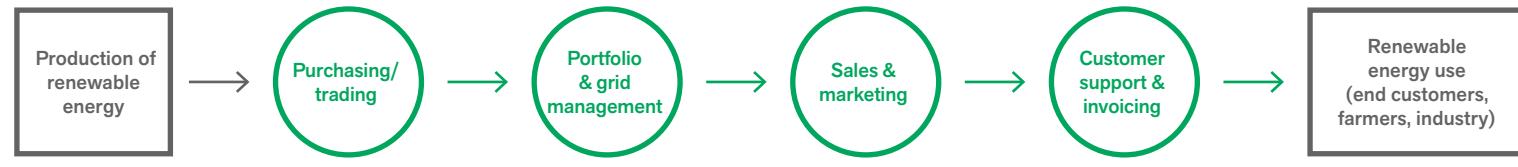
Wind, solar and biogas power plant project business



Solar wholesale trade



Trade in renewable energy



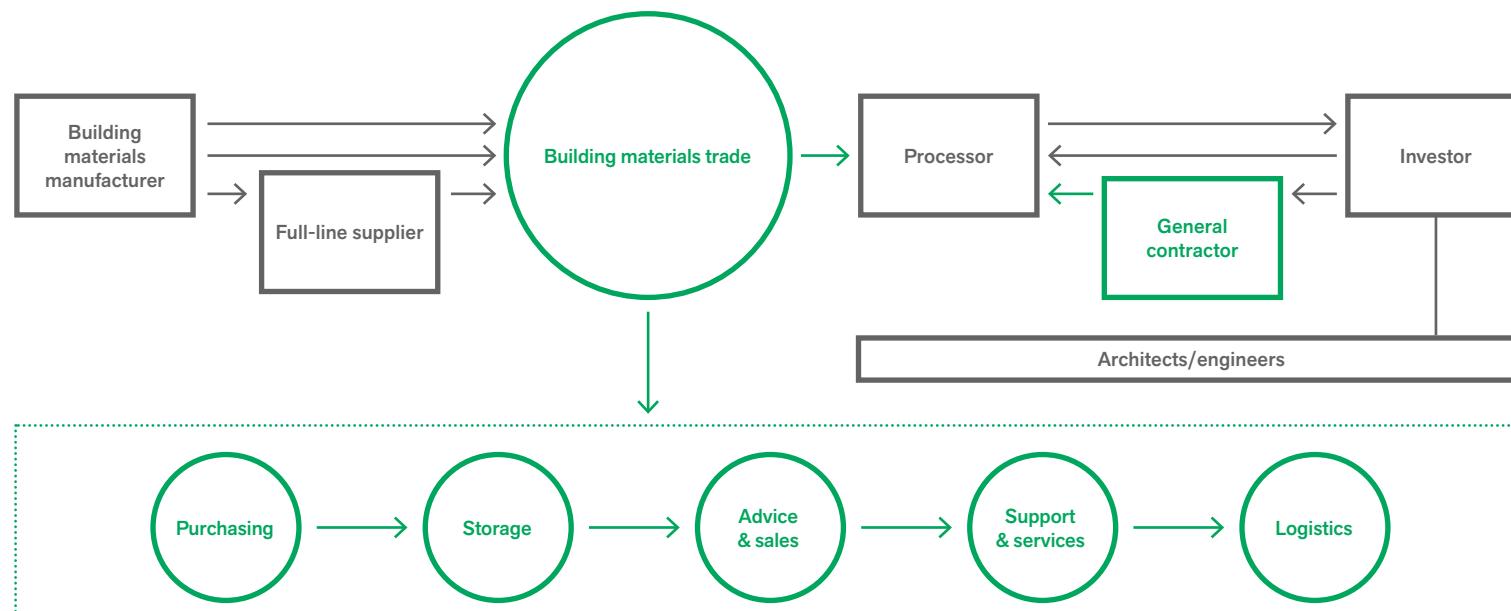
**BayWa AG
Other players**

BayWa r.e., a wholly owned subsidiary of BayWa AG, is responsible for the BayWa Group's renewable energy business. BayWa r.e. acts as a holding company for various business interests in the areas of solar energy, wind energy, bio-energy, services and energy trading. Today, BayWa r.e. is an internationally leading photovoltaic systems supplier and energy solutions provider.

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 BIOGAS2-POWER-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

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

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



Contents

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Employees



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Appendix

Protecting human rights across the supply chain

BayWa purchases commodities, goods and services from suppliers from 34 countries. The majority of suppliers for BayWa AG and its Group subsidiaries are based in Europe and the United States, where strict laws and controls ensure the observance of human rights. However, a small percentage of suppliers are in countries that harbour the risk of human rights violations.

Guidelines, structures and processes

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

A careful supplier selection process is key to avoiding human rights risks at BayWa. As part of a joint process, the Corporate Compliance and Corporate Sustainability organisational units conduct annual business partner screening with regard to all suppliers whose headquarters are located in a high-risk country according to Transparency International's Corruption Perceptions Index. The software solution used for this purpose is from an external software provider specialised in business partner screening. The screening results are then evaluated by the two organisational units with a view to human rights. If human rights violations make it necessary to cut business ties with a given supplier, notification is sent to the operating unit with said ties. Corporate Controlling is responsible for carrying out delisting, while Corporate Audit inspects these activities regularly. RWA AG and "UNSER LAGERHAUS" take labour standards, such as the Business Social Compliance Initiative (BSCI), into account when selecting suppliers.



Objectives and results

During the reporting year, all suppliers from high-risk countries directly commissioned by BayWa AG were included in supplier screening. The screening yielded no indications of human rights violations.

Despite the aforementioned measures, human rights violations cannot be entirely ruled out. To further ensure that suppliers respect human rights, BayWa AG has set more objectives that it aims to achieve by 2020:

- Developing a Code of Conduct for suppliers based on BayWa AG's Code of Conduct
- Medium-term objective: getting 10 per cent of key suppliers to sign
- Long-term objective: getting all suppliers to sign

With regard to the near term, BayWa plans to put greater focus on human rights in Group-wide risk management activities in 2018.



Environment and Climate

› [Environmental management](#) › [Energy consumption and greenhouse gas emissions](#) › [Waste and waste water](#) › [Transport and logistics](#)



Through its Agriculture, Energy and Building Materials Segments, BayWa has a global impact on the environment and nature. At the same time, it depends on the proper functioning of environmental and natural systems. Conserving natural resources and avoiding pollution are primary concerns for BayWa and key to continued economic success. As a trading company, BayWa can do a great deal with regard to waste and transport. Concerns such as soil and water are relevant in upstream stages. A wide variety of activities pertaining to energy consumption, greenhouse gas emissions, transport, logistics, waste and waste water all help keep the Group's impact on the environment and climate to a minimum.



Environmental management

The Environment, Health & Safety (EH&S) organisational unit is responsible for implementing the environmental management structure. It ensures that all BayWa companies comply with national requirements on environmental protection. EH&S reports regularly to those in charge in the business divisions and at Group companies on important developments.

BayWa also provides its employees with regular training on how to handle environmentally relevant products, on the transport of dangerous goods as well as on the storage and delivery of hazardous substances.

There are various other standards in place at BayWa pertaining to such things as the transport of dangerous goods, incident law, ambient pollution protection, chemical and hazardous materials storage as well as water law, which aim to prevent environmentally harmful incidents and to limit their scope in case of damage. Since 2016, EH&S has been tasked with standardising and further developing these standards.

Results and objectives

In 2017, 69 training courses (2016: 53 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 1,380 (2016: 1,900 employees). During the reporting year, BayWa AG invested some €6 million altogether (2016: €1.85 million) in environmental protection and biodiversity measures. BayWa r.e.

Bioenergy GmbH spent approximately €30,000 on environmentally relevant prevention, repairs and compensatory measures. As part of the modernisation of its location in Aschach (Austria) RWA AG invested €12 million in environmentally friendly measures. As in 2016, no complaints related to ecological concerns were submitted to the Environmental Management team of the Group or its reported subsidiaries.

The objective for 2018 is to raise greater employee awareness for environmental management concerns and challenges and to improve the training rate. To this end, plans call for establishing the new structure for environmental management seminars, which provides for tailoring seminar content more specifically to participants.

Risk management relating to climate change

In 2017, 44 out of 698 risks¹ from the annually updated Group risk management catalogue (2016: 45 out of 678 risks) concerned weather-related factors that could affect operations, such as drought, cold, periods of rain, wind, sunshine or flooding. The probability of occurrence, extent of the damage, the resulting expected value of the damage, measures such as insurance policies and diversification, as well as cost and marketing aspects are identified for the risks.

¹ Including the BayWa Group, excluding RWA AG and its subsidiaries





Sustainable transformation of BayWa headquarters

Three new storeys, a newly insulated facade made out of fire-proof mineral wool, thin glass-fibre-reinforced concrete panel cladding and new insulated glass windows – BayWa placed great focus on energy efficiency and fire safety in its renovation of corporate headquarters. Other elements include a ventilation system with heat recovery and a groundwater well that serves to heat and cool the building. Surplus district heating is also being used as a heat source. Plans call for green spaces to be created around the headquarters where BayWa employees can relax.

These renovation efforts have resulted in a modern and sustainable office building that fills BayWa with pride. BayWa is therefore seeking Leadership in Energy and Environmental Design (LEED) Gold certification for the modernisation and revitalisation of its headquarters. LEED was developed by the U.S. Green Building Council and is regarded as an internationally recognised certification system for green building. It ensures the highest environmental excellence standards for the planning, construction and use of buildings.



Energy consumption and greenhouse gas emissions

 See also the transport and logistics section, page 52

As a company with 17,550 employees and one of the largest grain traders in Europe, BayWa consumes a great deal of energy for its own operations – including energy needed to operate plants, as well as to light and heat buildings – and generates CO₂ emissions in the process.

The company seeks to do its part for the Paris Climate Agreement and reduce its emissions accordingly. At the same time, the aim is to lower energy costs and thereby improve economic efficiency.

Guidelines, structures and processes

With its large number of administrative centres, warehouses, service locations, workshops and cold stores, BayWa has an extremely diverse and patchwork consumer structure. All subsidiaries record consumption quantities based on the existing structures. The BayWa Group's sustainability management team assists with the structured collection of consumption data by providing relevant tools, a manual with explanations and tips, and training opportunities. Data undergoes consolidation and validation at subsidiary and Group level.

During the reporting year, BayWa collected energy and emission data from subsidiaries that comprise about 90 per cent of consolidated revenues and thus constitute the majority of relevant emission sources. The

data management processes refer primarily to energy consumption within the organisation, i.e. in the companies' own processes. Structures intended to record energy use outside the organisation are gradually being established.

The recording and calculation of the BayWa Group's greenhouse gas emissions are carried out based on the internationally recognised Greenhouse Gas (GHG) Protocol Corporate Standard. BayWa has chosen the financial control approach as its consolidation approach.

The following emissions are reported:

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



Through its subsidiary the BayWa r.e. Group, the BayWa Group generated some 1.8 million gigajoules (GJ) of energy from renewable sources in the reporting year. Of this amount, biomass accounted for 1.6 million GJ and wind power for 190,000 GJ. During the reporting year, 1,160 GJ of electricity from renewable sources were also generated at BayWa AG locations.

 See also the transport and logistics section, page 52

In accordance with the GHG 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, which means that all quantities of externally sourced electricity were calculated using the national emission factors, regardless of whether the electricity was generated from conventional or renewable energy carriers. BayWa likewise considers emissions generated along the upstream and downstream value chain (Scope 3). In this report, this last scope also extends to the emissions generated by transport and logistics service providers, as they are closely tied to the company's core business (see the transport and logistics section, page 52).

BayWa complements its reduction measures by offsetting CO₂ emissions through carbon credits, which must meet relevant quality specifications. CO₂ emissions are not currently offset for all products, processes and services at BayWa. However, BayWa is planning to expand its efforts to offset CO₂ emissions through carbon credits in future.

The Energy business unit and BayWa Obst GmbH provide good examples of the kinds of reduction measures enacted at BayWa. For example, the Energy business unit succeeded in making the

entire supply process for heating oil, wood pellets and diesel carbon neutral in July 2017. By taking targeted action, such as smart route planning, the business unit is avoiding CO₂ emissions and gradually reducing those which are generated. In a final step, BayWa offsets unavoidable emissions through trustworthy carbon credits. Among other things, the key reduction measures at BayWa Obst GmbH include the purchase of green electricity, the installation of a photovoltaic system and the construction of a heating system based on wood pellets at the Kressbronn location.

BayWa r.e. renewable energy GmbH is also currently developing a three-stage action programme consisting of prevention measures, compensation options and the purchase of high-quality carbon credits to offset the company's own CO₂ emissions step by step.

Raising staff awareness and incorporating employees into the steps that the company has planned to protect the environment and the climate are essential to the success of the measures' implementation. The sustainability management team uses in-house communication channels (e.g. the intranet, employee newsletter) to regularly inform BayWa employees about what they can do to reduce their energy consumption at the workplace.



During the reporting year, BayWa participated in the energy efficiency network as part of the Klimapakt Münchner Wirtschaft (Munich business climate pact) and thereby did its part to help reach Germany's climate and energy policy goals. The network aims to achieve savings of 28,450,000 kWh.

Objectives

BayWa is going to update its sustainability strategy and to add climate targets through 2025. The climate strategy focuses on reducing the company's own site-specific and mobile emissions. Plans call for adding emissions from the upstream and downstream value chain for the following year. BayWa is also currently working on defining performance indicators.

The subsidiary BayWa r.e. renewable energy GmbH has also set itself the goal of offsetting 100 per cent of emissions from its own operations (including electricity procurement and emissions from travel) from 2018 onwards. In other words, it aims to do business in a climate-neutral manner.

The Energy business unit has also defined its own target as part of the Group strategy's development, that is 100 per cent climate-neutral transport, for the Energy business unit. The Fruit business unit strives for additional climate-neutral locations.

 See also the transport and logistics section, page 52



BayWa trainees become energy scouts

Six BayWa AG trainees gained the necessary qualifications to become energy scouts in 2017 as part of the German SME Initiative Energy Transition and Climate Protection. The SME Initiative Energy Transition and Climate Protection is a joint project of the German Association of Chambers of Commerce and Industry (DIHK), the German Confederation of Skilled Crafts (ZDH), the German Federal Ministry for Economic Affairs and Energy, and the German Federal Ministry for the Environment, Nature Conservation, Building and Nuclear Safety. The aim is to assist companies with the energy transition. The programme's workshops teach participants important information about energy efficiency and raise awareness of daily energy consumption. The trainees are now using their newly acquired knowledge to initiate Group-wide energy-saving projects and to motivate other employees to be economical in their energy consumption, whether at work or at home.



Performance indicator and result

Energy consumption

In 2017, total energy consumption 866,000 gigajoules (GJ) as well as consumption per employee (97 GJ) at BayWa AG increased year on year by around 10 per cent, due to an increased need for heating energy and fuel for the transport of goods.

Energy consumption of the reporting subsidiaries totalled some 1,688,000 GJ, or 199 GJ per employee. In 2017, further subsidiaries were included in the data collection, among them CLAAS.

At BayWa AG, fuels (especially diesel) for transport and logistics services (own procurement and distribution shipments, service vehicles for agricultural equipment and lift truck operations) accounted for around 50 per cent of direct energy consumption.

Energy consumption by energy source at BayWa AG 2017¹



in gigajoules



Total: 865,810 (787,027)

Natural gas:	126,199 (136,931)
District heating:	12,986 (32,936)
Heating oil:	145,484 (96,939)
Electricity:	162,317 (148,018)
Fuels:	418,824 (372,203)

¹ The consumption figures for 2016 have been adjusted due to a modified recording method and are not directly comparable. Due to the temporary relocation of the head office, the figures for BayWa headquarters in Munich were carried forward.
Comparable figures from 2016 in brackets

Energy consumption by energy source of subsidiaries 2017¹



in gigajoules



Total: 1,687,975 (1,749,311)

Biomass:	5,519 (4,999)
Renewable energies:	226,931 (251,837)
Natural gas:	579,355 (620,311)
District heating:	43,621 (46,059)
Heating oil:	114,389 (84,834)
Electricity:	356,076 (408,887)
Fuels:	362,084 (332,384)

¹ Only companies covered by this report
The scope of data collection was expanded to include companies of the BayWa r.e. Group, RWA AG and CLAAS, as well as other companies. Slight discrepancies may occur in the totals presented in the diagrams as a result of rounding. Due to different pools of data, the figures for the subsidiaries are not directly comparable with 2016.
Comparable figures from 2016 in brackets



Greenhouse gas emissions from energy consumption

Greenhouse gas emissions at BayWa AG increased year on year in absolute terms by around 10 per cent to 73,800 tonnes of CO₂ equivalents as well as per employee to 8.25 tonnes of CO₂ equivalents. Two-thirds of greenhouse gas emissions in 2017 arose from the combustion of fuel, while approximately 40 per cent was due strictly to fuel combustion, primarily diesel for the company's own trucks. Other greenhouse gas emissions are attributable to the generation of electricity and district heating for BayWa AG locations.

Greenhouse gas emissions at BayWa AG 2017 by energy source¹ in tCO₂ equivalents



Total:	73,834 (67,002)
<hr/>	
Scope 1:	
■ Natural gas:	7,067 (7,668)
■ Heating oil:	10,845 (7,226)
■ Fuels:	30,967 (27,520)
Scope 2:	
■ Electricity:	23,829 (21,729)
■ District heating:	1,127 (2,858)

¹ Emission factors from VDA 2015, DEFRA 2015, VDA 2010 (district heating). The location-based method was used for calculation. Due to a modified data collection method, the figures are not directly comparable with 2016.
 Scope 1: Combustion of fuel in passenger vehicles, trucks and forklifts, as well as the combustion of heating oil and natural gas for heating and drying
 Scope 2: Purchase of district heating and electricity
 Greenhouse gases taken into account: CO₂
 Comparable figures from 2016 in brackets

Greenhouse gas emissions at subsidiaries 2017 by energy source¹ in tCO₂ equivalents



Total: **102,360** (103,083)

Scope 1:

■ Natural gas:	31,695 (33,941)
■ Heating oil:	8,636 (6,372)
■ Fuels:	26,725 (24,525)

Scope 2:

■ Electricity:	32,857 (35,659)
■ District heating:	2,446 (2,585)

1 Only companies covered by this report

The scope of data collection was expanded to include companies of the BayWa r.e. Group, RWA AG and CLAAS, as well as other companies. Slight discrepancies may occur in the totals presented in the diagrams as a result of rounding.

Scope 1: Combustion of fuel in passenger vehicles, trucks and forklifts, the combustion of heating oil and natural gas for heating and drying, as well as direct greenhouse gas emissions through refrigerants

Scope 2: Purchase of district heating and electricity

Greenhouse gases taken into account: CO₂

Emission factors from VDA 2015, DEFRA 2015, VDA 2010 (district heating). The location-based method was used for calculation. Due to a modified data collection method, the figures are not directly comparable with 2016.

Comparable figures from 2016 in brackets

Greenhouse gas emissions at the reporting subsidiaries amounted to some 102,360 tonnes of CO₂ equivalents. This figure includes some 4,660 tonnes of CO₂ equivalents from the leakage of refrigerants. At 63 per cent, direct emissions also had a material impact here. Natural gas and diesel consumption accounted for 25 per cent of this.



Further results

In the reporting year, the company procured 96.8 per cent of its electricity from renewable energy sources. Thus, BayWa AG contributed towards reducing emissions in the amount of 23,070 tonnes (2016: 23,100 tonnes¹) of CO₂ equivalents in the reporting year. Most of that electricity is certified with the "ok-power" seal of quality which actively supports the energy transition.

Virtually all reporting BayWa Group companies purchase green electricity. Some 37 per cent of the electricity purchased by the subsidiaries during the reporting year was attributable to tariffs for green electricity. As a result, the companies saved around 16,885 tonnes of CO₂ equivalents.

Direct greenhouse gas emissions of more than 4,600 tonnes of CO₂ equivalents occurred at the reporting companies due in particular to the leakage of refrigerants used to cool products. The majority of refrigerants are recycled at the end of their life cycles and reused in other products, such as acids, at a rate of up to 97 per cent.

Activities of BayWa companies

BayWa Obst GmbH introduced an energy management system at its central production location in Kressbronn in 2016. Since 2016, the Kressbronn location has also been operating in climate-neutral fashion. Since 2017, the Ravensburg location of BayWa Obst GmbH has also been operating in climate-neutral fashion. The companies of BayWa r.e. also purchase green electricity almost exclusively. "UNSER LAGERHAUS" obtains electricity entirely from renewable energy sources at its locations in Carinthia and Tyrol. In 2017, RWA AG fed around 440,000 kWh (2016: 430,000 kWh) into the grid from its own photovoltaic installation and saved some 1.4 million kWh through energy efficiency measures. Our subsidiary T&G Global in New Zealand obtains 100 per cent of its electricity from a provider who generates power from 100 per cent renewable energy sources.

¹ Figures for 2016 have been adjusted due to a modified recording method.



Waste and waste water

As with every company, BayWa produces waste and waste water. Dealing with them in the proper manner is a matter of foresight and compliance. Violations can harm the environment and nature, and entail steep fines for the company. Since the global availability of drinking water is extremely important to BayWa as an agricultural group, the company aims to set an example for others. As a result, it seeks to be vigilant about the careful and efficient use of this valuable resource within its own operations.

Guidelines, structures and processes

The proper and legally compliant disposal of waste from products and processes is a central task of BayWa AG. Standardised BayWa instructions at all branches on dealing with waste and proper disposal channels ensure that environmentally harmful incidents, either at its locations or when transporting goods, are avoided and the impact of incidents are limited. Long-term partnerships with carefully selected disposal companies that operate nationally make it easier to monitor and control the processes. BayWa AG's disposal management activities are allocated to facility management and supported by one employee. Ongoing training ensures that the employee possesses the necessary expertise.



T&G Global rolls up its sleeves for biodiversity



Together with the New Zealand organisation Sustainable Coastlines, the BayWa subsidiary T&G Global is working to preserve biodiversity. The focus of the subsidiary's efforts is on the rivers and streams that run through the orchards of T&G Global. The aim is to protect the many different habitats for animals and plants along the waterways. In 2017, some 70 employees from two T&G Global locations spent a number of days in the field to plant a mixture of native marsh plants and trees over an area of 900 square metres. The trees and plants are intended to prevent erosion and stabilise the riverbanks. What is more, since the trees and plants extract excess nutrients from the water, they also curb the growth of weeds and algae.



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.

Clear responsibilities and a centralised control structure constitute effective waste management at the subsidiaries as well, 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 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.

BayWa holds regular briefings, training courses and on-site inspections to raise staff awareness for the safe and proper handling of hazardous substances and to call employees' attention to related Group-wide instructions.

Instructions on the handling of hazardous waste are in effect at BayWa AG and the reported subsidiaries.

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, regardless of who caused the damage. Employees are obliged to report anything that sticks out with regard to incidents of pollution and cases of damage.

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

Objectives

In the years ahead, BayWa aims to continuously reduce the amount of waste generated throughout the Group while increasing the recycling rate.



To achieve this goal, BayWa is taking the following steps in particular:

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

Despite established structures and processes, the possibility of environmental damage caused by a lack of knowledge cannot be ruled out.

BayWa seeks to widely minimise this lack of knowledge by raising employee awareness of how to handle hazardous substances through training courses and instructions.

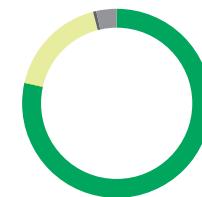
Performance indicator and result

Waste generated in tonnes

Over the past year, approximately 12,100 tonnes of waste were generated at some 400 locations of BayWa AG. Of this amount, some 78 per cent were recycled (2016: 77 per cent). The amount of waste generated at the subsidiaries came to 62,000 tonnes in the reporting year.

Waste by disposal method at BayWa AG 2017

in tonnes



Total:	12,141.7 (12,068.2)
Reuse:	0 (0)
Recycling:	9,528.5 (9,267.3)
Composting:	18.0 (11.1)
Reuse including energy recovery:	2,107.7 (2,289.6)
Thermal treatment:	65.7 (79.0)
Landfill:	421.9 (421.3)
Storage at site:	0 (0)
Other methods of disposal:	0 (0)

Comparable figures from 2016 in brackets

Further results

Through regular take-back campaigns and at established site collection points, BayWa AG took back 7,500 tonnes of waste in 2017 (2016: 6,500 tonnes). In line with handling instructions, BayWa AG organised the proper disposal of some 4,060 tonnes of hazardous waste during the reporting year 2017 (2016: 4,660 tonnes). Such waste includes machine, gear and lubricating oils ,and other hazardous substances,



such as fuel, contaminated packaging and solvents. BayWa AG organises the proper disposal of hazardous substances in line with handling instructions. In total, some 93 per cent of all hazardous waste was recycled (2016: 95 per cent).

Among the subsidiaries, almost all 2,000 tonnes of take-backs were handled by RWA AG (2016: 2,350 tonnes). The majority of these take-backs consisted of materials or products, such as grain, corn or oilseed.

The amount of waste water generated by RWA AG in 2017 stood at 6,800 m³. T&G Global generated 50,000 m³ of waste water. Altogether, 88 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 €240,000 in 2017.

Waste by disposal method at subsidiaries 2017

in tonnes



Total:	61,915.2 (50,243.0)
Reuse:	33,968.4 (35.6)
Recycling:	7,780.1 (2,164.6)
Composting:	5,108.4 (17,575.3)
Reuse including energy recovery:	719.6 (19,504.1)
Thermal treatment:	7,807.0 (7,874.3)
Landfill:	5,583.2 (1,961.8)
Storage at site:	12.0 (3.1)
Other methods of disposal:	936.5 (1,124.2)

1 Only companies covered by this report

The scope of data collection was expanded to include companies of the BayWa r.e. Group, RWA AG and CLAAS, as well as other companies. Data on the BayWa r.e. Group and on RWA subsidiaries is incomplete. Due to a modified data collection method, figures for the subsidiaries are not directly comparable with 2016.
Comparable figures from 2016 in brackets



Transport and logistics

As a trading company, BayWa contributes to climate change by generating CO₂ emissions through the transport of goods. At the same time, logistics design is an important way to improve the company's carbon footprint. Other risks related to transport and logistics come from handling dangerous goods. To prevent staff and the environment from suffering any harm which may result from transporting these goods, BayWa has created an extensive set of relevant rules and regulations under corporate environmental management (see page 40).

Guidelines, structures and processes

Since 2014, BayWa AG has been pursuing the sustainable alignment of its logistics as a project spanning all business units. 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 respective business units are responsible for transport and logistics at BayWa AG. The corporate Environment, Health & Safety (EH&S) organisational unit also provides advice on environmentally friendly measures for storage and transport, among other issues, and supports BayWa employees in their day-to-day activities by providing checklists, information sheets and operating instructions.

BayWa takes four strategic approaches to transport and logistics:

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

The following measures contribute to these strategies and are currently being carried out:

- RWA AG and BayWa Obst GmbH outsource truck transports to partner companies in order to guarantee optimum utilisation and route planning. In the fleet regulations, vehicles are defined which boast CO₂ emissions between 82 and 98 g/km in order to keep emissions as low as possible. An electric car has been available in the vehicle pool of RWA AG since mid-2017. Average CO₂ emissions for the remaining cars in the pool amount to 91 g/km. Overseas seed transports are carried out using ships instead of airplanes whenever it is



economically feasible to do so. By expanding and modernizing the RWA location Aschach (Austria) in 2017 the use of waterways was pushed forward which might lead to savings of around 1,200 tonnes of CO₂ emissions.

- "UNSER LAGERHAUS" has also outsourced its truck fleet for mixed feedstuffs production and sales to an external service provider in order to guarantee optimum route planning and vehicle use. These efforts keep costs and fuel consumption low. Around 50 per cent of the company's own trucks meet Euro V or Euro VI emission standards.

Quality assurance of production processes and production environments also plays a pivotal role in the transport of goods.

- At BayWa, this is regulated through quality management for food and feedstuffs production. In addition, a driver's manual ensures compliance with good manufacturing practices (GMP and GMP+) and standards at BayWa. GMPs pertain to guidelines for assuring the quality of production processes and production environments, including with regard to manufacturing food and feedstuffs.

- In the Agricultural Equipment business unit, loading and dangerous goods checklists ensure the proper transport of goods. In the Energy business unit, all relevant employees receive training every two years and are regularly informed of new developments.

Objectives

In 2018, BayWa is planning to create a Group-wide target for transport and logistics. However, individual BayWa business units are already setting their own objectives for making transport and logistics processes more efficient and sustainable. For example, the Agricultural Equipment business unit aims to increase the share of hybrid and electric vehicles to 50 per cent by 2025. The Energy business unit is making continuous efforts to enhance its delivery efficiency and to modernise its vehicle fleet, which is being carried out through the following measures:

- Analysis of the logistics chain to optimise delivery and consequently avoid related emissions
- Introduction of smart route planning by way of telematics, used to determine the shortest routes for use



- Equipping the vehicles in the fleet with cruise control to reduce speeds and consequently CO₂ emissions
- Training drivers on environmentally conscious and fuel-efficient driving

Performance indicator and result

CO₂ emissions from transport

In 2017, the emissions resulting from the transport of goods totalled around 18,700 tonnes of CO₂ equivalents. A considerably higher share of goods from BayWa AG was transported by logistics service providers in the reporting year. To calculate CO₂ emissions caused by logistics service providers BayWa collects the transport service in tonne-kilometres. Around 1.15 billion tonne-kilometres resulted from the transport of goods by truck, rail and waterways. This resulted in 44,500 million tonnes of CO₂ equivalents.

Greenhouse gas emissions caused by transport at BayWa AG 2017¹



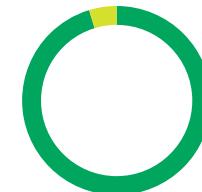
Total: 63,236 (70,781)

Service providers: 44,526 (53,012)

Company vehicles: 18,710 (17,769)

¹ Emission data of company vehicles: diesel combustion in own trucks, emission factors from VDA 2015, greenhouse gases taken into account: CO₂. Basis for emission data of service providers: transport in tonne-kilometres, emission factors from GEMIS 4.94, all greenhouse gases taken into account. Excluding the wood pellet business section. Comparable figures from 2016 in brackets

Greenhouse gas emissions caused by transport at subsidiaries 2017¹



Total: 358,675 (311,443)

Service providers: 341,800 (296,185)

Company vehicles: 16,875 (15,258)

¹ Only companies covered by this report
The scope of data collection was expanded to include companies of the BayWa r.e. Group, RWA AG and CLAAS. Data on the BayWa r.e. Group and on RWA subsidiaries is incomplete, and no data on "UNSER LAGERHAUS" and T&G Global is included. Due to a modified data collection method, figures for the subsidiaries are not directly comparable with 2016.
Emission data of company vehicles: diesel combustion in own trucks, emission factors from VDA 2015, greenhouse gases taken into account: CO₂. Basis for emission data of service providers: transport in tonne-kilometres, emission factors from GEMIS 4.94, all greenhouse gases taken into account. Comparable figures from 2016 in brackets



With around 970 million tonne-kilometres, 85 per cent of the greenhouse gas emissions were attributable to BayWa Agri Supply & Trade (BAST) business unit for the transport of agricultural produce and fertilisers by truck, rail and inland waterways.

The largest share, specifically 47 billion tonne-kilometres, was attributable to the Cefetra B.V. The subsidiary trades with large quantities of agricultural raw materials across large distances by truck, rail and waterways which results in a total of 265,000 tonnes of CO₂ equivalents in 2017.

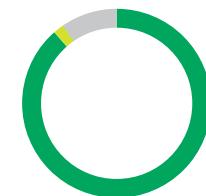
Further results

In 2017, BayWa AG's employees covered approximately 1,742,271 passenger kilometres (2016: 542,875 passenger kilometres) by train on business trips, saving around 284 tonnes (2016: 89 tonnes) of CO₂ compared to using a car.

As in the previous year, the majority of shipments at both BayWa AG and its subsidiaries were made by truck or maritime transport.

¹ Previous year's figures adjusted compared to Sustainability Report 2016

Greenhouse gas emissions from transports for Cefetra B.V. 2017¹



Total:	265,330
Bulk cargo carriers:	234,912
Trucks:	4,885
Rail:	81
Ship (others):	25,452

¹ Information based on model calculations, emission factors from GEMIS 4.94, all greenhouse gases taken into account

Fuel consumption

BayWa AG and its subsidiaries consumed approximately 22 million litres of fuel in 2017 (2016: 20 million litres¹) using its own and leased vehicles, including service vehicles (sales, agricultural equipment, customer service) and cars for business trips.

Means of transport

BayWa AG continues to press ahead with the modernisation of its vehicle fleet. The number of trucks with Euro V or Euro VI emission standards increased from 23 per cent to more than 45 per cent in 2017.



In 2017, six new vehicles with lower consumption rates and a higher emissions class were added to the Energy business unit's vehicle fleet. The number of tankers decreased overall by three in 2017. Since 2017, BayWa AG has been offsetting the CO₂ emissions of the remaining tankers in the Energy business unit by purchasing carbon credits. Thirteen more vehicles with the Euro VI emission standard were ordered to replace vehicles with the Euro IV emission standard or older.

Since 2013, the company has been using block trains, primarily in agriculture. BayWa had 2.5 freight trains, each with 27 carriages, in use in 2017, which transported a total of 210,000 tonnes, primarily of barley and rapeseed. As a result, BayWa saved 3,000 tonnes of CO₂ equivalents altogether when compared with the transport of goods by truck.

Transport at BayWa AG 2017 delivered by transport service providers¹ in tonne-kilometres



Total:	1,146,974,309 (1,335,457,797)
Bulk cargo carriers:	0 (0)
Trucks:	416,298,555 (666,757,797)
Rail:	102,966,466 (163,700,000)
Ship (others):	627,709,288 (505,000,000)

¹ Emission factors from GEMIS 4.94, all greenhouse gases taken into account
Excluding the wood pellet business section
Comparable figures from 2016 in brackets

Transport at subsidiaries 2017 delivered by transport service providers¹ in tonne-kilometres



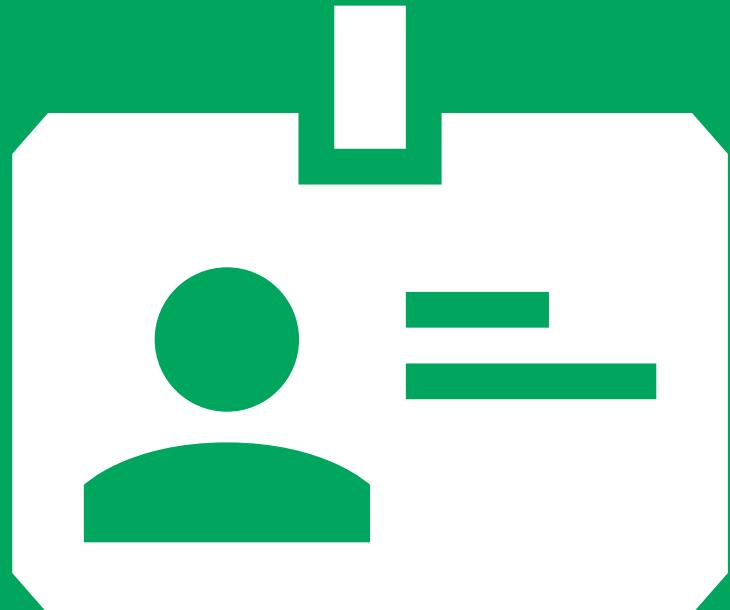
Total:	48,830,146,531 (40,697,705,113)
Bulk cargo carriers:	46,288,717,059 (38,264,055,855)
Trucks:	1,450,789,283 (1,257,305,334)
Rail:	94,468,176 (29,105,000)
Ship (others):	996,172,013 (1,147,238,924)

¹ Only companies covered by this report
The scope of data collection was expanded to include companies of the BayWa r.e. Group, RWA AG and CLAAS. Data on the BayWa r.e. Group and on RWA subsidiaries is incomplete, and no data on "UNSER LAGERHAUS" and T&G Global is included. Due to a modified data collection method, figures for the subsidiaries are not directly comparable with 2016. Emission factors from GEMIS 4.94, all greenhouse gases taken into account.
Comparable figures from 2016 in brackets



Employees

[› Human resources strategy](#) [› Diversity and equal opportunity](#) [› Training and professional development](#) [› Occupational health and safety](#)



In recent years, BayWa has evolved into an international group. It currently employs 18,826 people in 33 countries worldwide. Promoting diversity and equal opportunities in day-to-day work, and creating mutual understanding and trust are key concerns for BayWa. Employees from across different cultures and generations contribute their own qualifications, strengths and ways of working to the company. BayWa supports this diversity. In addition, BayWa encourages cross-generational dialogue and cultural diversity, and it seeks to facilitate a work-life balance for employees. As a responsible employer, the company aims to provide all employees with a working environment based on partnership and respect.



Human resources strategy

BayWa is facing many challenges that require a forward-looking human resources strategy. Demographic change is creating competition for human resources and leading to greater demand for responsible HR management focused on relevant qualifications. Innovation and development will ensure that BayWa is fit for the future, but they need structures that promote, are receptive to and engage with new ideas. In addition, BayWa is affected by changes in market conditions and industry structures. These changes, as well as growing requirements and the accelerating pace of business developments, are generating momentum and competitive pressure in HR structures.

Guidelines, structures and processes

The strategic objectives in Human Resources (HR) focus on the following issues:

- Demographic change: The competition for scarce human resources calls for responsible HR management that focuses on ensuring relevant qualifications for employees, diversity as well as healthy and motivational working conditions. Failure to achieve such a structure harbours the risk of becoming less attractive as an employer, which would lead to a decrease in the number of applicants.

- Innovation and development: The need to help the company evolve through innovations requires structures that foster new ideas and ongoing efforts to ensure that employees possess the relevant qualifications. Failure to do so harbours the risk of becoming less innovative, a drop in the levels of employee motivation and a rise in staff turnover rates.
- Changes in market conditions: The momentum generated by globalisation and changing industry structures calls for an HR management structure that can face these developments and which supports the company's competitiveness through new ideas on how to motivate employees and ensure that they possess the relevant qualifications. Failure to achieve such a structure harbours the risk of employees not having the necessary qualifications, which would lead to a decrease in competitiveness.
- Corporate sustainability goals: Responsible and transparent corporate conduct requires qualified employees and clear leadership based on principles, standards and requirements. Failure to ensure this harbours the risk of falling short of corporate goals and suffering a tarnished reputation.



HR contributes to the Group's success by selecting and developing employees while fostering their loyalty in a manner that is efficient and in line with the overall strategy. HR is a key force driving corporate culture and a strategic partner with an overarching management function.

The principles of the HR strategy are codified in the Code of Conduct and the management policy. The former includes specifications on equal opportunity and non-discrimination, management principles, mutual respect, integrity and occupational health and safety. The management policy additionally contains mandatory standards of conduct for managers.

Responsibilities for different aspects of human resources

HR management	28 people
HR marketing	5 people
HR development	6 people
Training	4 people
Basic policies/labour law	6 people
HR strategy, diversity	2 people

¹ All employee figures in this section can differ from the figures provided in the Consolidated Financial Statements due to different data basis; figures are not directly comparable with 2016.

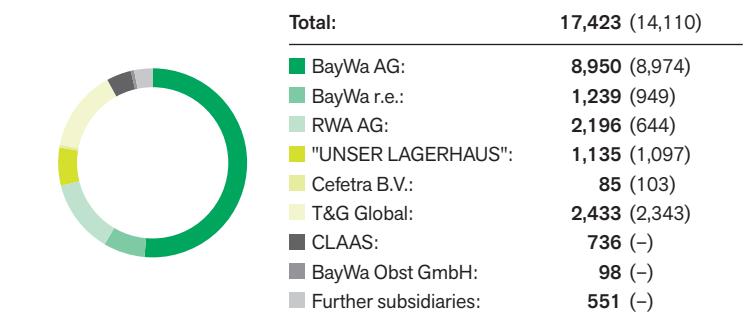
Objectives, performance indicators and results

For an overview of the objectives, performance indicators and results in Human Resources, please see the management approaches on diversity and equal opportunity (page 63), training and professional development (page 67) and occupational health and safety (page 70).

Employee structure¹

The number of employees at the BayWa Group rose once again in 2017. In 33 countries across the world, the headcount stood at 18,862 employees at the end of the year, marking a 5 per cent increase year on year (2016: 17,932 employees).

Number of employees at BayWa AG and subsidiaries 2017¹



¹ Only companies covered by this report

The scope of data collection was expanded to include companies of the BayWa r.e. Group, RWA AG and CLAAS, as well as other companies. Headcounts may differ from the figures in the consolidated financial statements due to different data collection methods. Slight discrepancies may occur in the totals presented in the diagrams as a result of rounding. Due to different pools of data, the figures for the subsidiaries are not directly comparable with 2016.



The number of employees at BayWa AG stood at 8,950 during the reporting year (2016: 8,974 employees). During the reporting year, 2.4 per cent of employees worked at BayWa AG on a fixed-term basis (2016: 2.0 per cent), while 16.6 per cent worked there part-time (2016: 16.4 per cent). Marginally employed and fixed-term workers also play an important role in the company's success, for example with regard to seasonal business.

During the reporting year, a total of 8,473 people were employed at the reporting subsidiaries, namely the BayWa r.e. Group, RWA AG, "UNSER LAGERHAUS", Cefetra B.V., T&G Global, BayWa Obst GmbH, CLAAS and other companies (2016: 5,136), of which 3.1¹ per cent were employed on a fixed-time basis.

Length of service and employee turnover

Through innovative HR management that responds flexibly to challenges and caters to employee development in line with their needs, BayWa builds up the long-term loyalty of its employees and maintains their employability. Long periods of service to the company and low employee turnover both indicate a high level of employee satisfaction. The former stood at 15.5 years at BayWa AG and at 6.2² years at the reported subsidiaries. During the reporting period, BayWa AG had 825 new recruits (2016: 645³) compared to 394 people leaving (2016: 278⁴), which works out to an employee turnover rate of 4.4⁵ per cent (2016: 3.1 per cent).

¹ Share of fixed-term contracts excluding RWA subsidiaries

² Excluding RWA AG affiliates.

³ Previous year's figures adjusted compared to Sustainability Report 2016

⁴ Previous year's figures adjusted compared to Sustainability Report 2016

⁵ The employee turnover rate only includes those people who left the company through notice that they gave themselves (2017: 394).

Employee structure at BayWa AG 2017



Total number of employees:	8,950 (8,974)
Industrial, male:	32.7 % (32.4 %)
Industrial, female:	1.8 % (2.0 %)
Commercial, male:	42.2 % (42.3 %)
Commercial, female:	23.3 % (23.3 %)

Comparable figures from 2016 in brackets

Employee structure at subsidiaries 2017¹



Total number of employees:	8,268 (5,136)
Industrial, male:	19.6 % (21.1 %)
Industrial, female:	1.5 % (1.9 %)
Commercial, male:	48.6 % (47.8 %)
Commercial, female:	30.3 % (29.2 %)

¹ Only companies covered by this report

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Comparable figures from 2016 in brackets

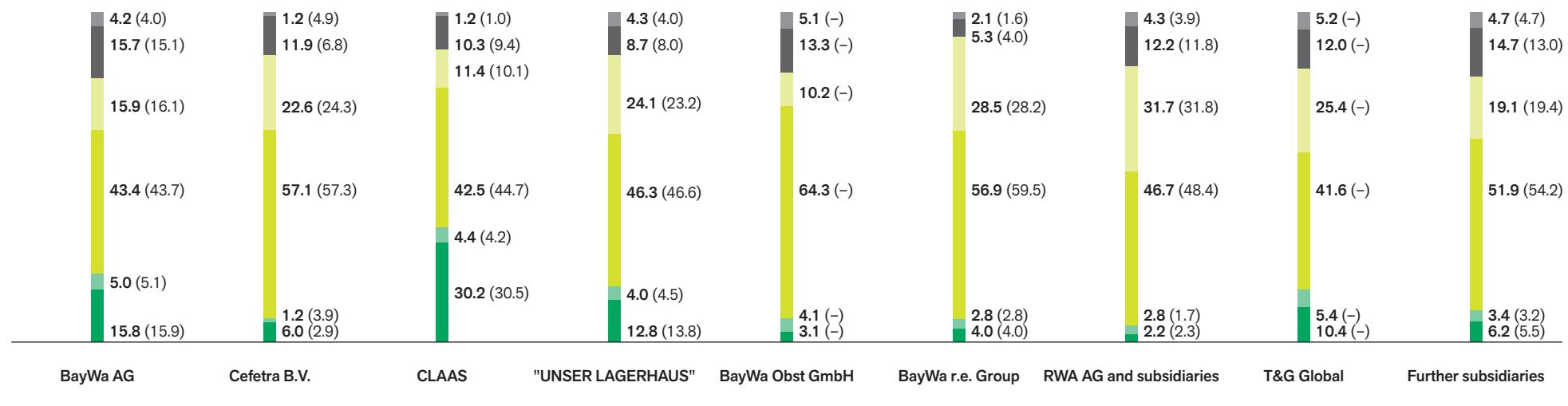


The rate of new hires at BayWa AG stood at 9.2 per cent during the reporting year (women: 2 per cent, men: 7 per cent; 2016: 7.2 per cent in total). The average age of employees at BayWa AG and at the reported

subsidiaries was 40 years in 2017. Two-thirds of employees ranged in age between 26 to 54 years (BayWa AG: 60 per cent).

Age distribution at BayWa AG and subsidiaries 2017¹ in per cent

Total number of employees: 17,423 (14,110)



■ up to 25 years, male ■ up to 25 years, female ■ 26–30 years, male ■ 26–30 years, female ■ over 55 years, male ■ over 55 years, female

¹ Only companies covered by this report. The scope of data collection was expanded to include companies of the BayWa r.e. Group, RWA AG and CLAAS, as well as other companies. Headcounts may differ from the figures in the consolidated financial statements due to different data collection methods. Slight discrepancies may occur in the totals presented in the diagrams as a result of rounding. Due to different pools of data, the figures for some subsidiaries are not directly comparable with 2016.

Comparable figures from 2016 in brackets





New working environments



As of November 2017, BayWa employees have been able to engage in agile working practices across 7,000 square metres of modernised office space at company headquarters in Munich. Employees there have the right type of working environment for every need, be it seating nooks for informal meetings as a team, shielded desks for concentrated working or video systems for conferencing with colleagues at other locations. The updated company restaurant offers BayWa employees a wide range of freshly prepared meals and regional products. In the new coffee bar, BayWa has opted for environmentally friendly reusable cups from the Rosenheim-based start-up reCup. The working world of the future is already a reality at BayWa.



Diversity and equal opportunity

Companies that actively promote diversity, equality and inclusion boost employee satisfaction and motivation, and increase their attractiveness to people on the job market. As a result, BayWa uses its management approach to counter the risk of decreasing numbers of applicants and high staff turnover rates, particularly in light of the growing shortage of specialists. Given that teams with people of different ages, genders and levels of experience have been shown to work more creatively and with greater focus on finding solutions, companies themselves benefit greatly from embracing diversity as a concept and putting it into practice. With some 19,000 employees in 33 countries, BayWa is dependent on people from various backgrounds in terms of gender, nationality and generation collaborating successfully across and within country borders.

Guidelines, structures and processes

Diversity and equal opportunity are an integral part of BayWa AG's human resources strategy. BayWa does not tolerate employee discrimination on the basis of personal background, gender, age or sexual orientation. This principle is set forth in the Code of Conduct developed in 2015 and communicated through the Corporate Leadership Guide and at mandatory management training courses. Human Resources (HR) is responsible for ensuring diversity and equal opportunity. In day-to-day operations, all managers are called on to do their part for diversity and equal opportunity on their teams.

The option of reverse mentoring has also been available to all BayWa employees since September. As part of reverse mentoring, younger employees – the mentors – help experienced managers expand their digital skill set, for example. This type of mentoring provides for a valuable exchange of perspectives and experiences between different generations.

Pay is determined based on a candidate's experience and expertise, as well as the assessment of a candidate's performance pursuant to the collectively negotiated pay scales. If employees feel that they have suffered discrimination, they have the option to approach their supervising manager or the Human Resources department, or to anonymously contact the external legal counsel mandated by BayWa to serve as an ombudsman. The German Pay Transparency Act also applies from 2018. According to this legislation, BayWa AG employees have the right to information about the salary of a colleague of the other gender who performs a similar job or works on a similar level.

To promote a better work-life balance, BayWa AG provides its employees with flexible working time models geared towards the different stages of their lives. Special seminars are designed to help workers returning from parental leave reintegrate quickly.



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

Objectives

One strategic objective is the advancement of women into management positions. In terms of equal opportunities, the company pursues the aim of securing the most suitable candidate for vacant management positions, regardless of gender. Women with high potential benefit from BayWa's "Connected Women" network and from cross-mentoring, for example. The former provides a platform for female employees where they can share ideas and experiences, enabling them to learn from one another. Through cross-mentoring, BayWa makes it possible for women to receive support and mentorship from an experienced manager from another company for one year.

By 2022, the aim is to achieve a Group-wide share of women in the first and second management tiers of 22 per cent.

Performance indicator and result

The number of women in management positions

On 23 September 2015, the Board of Management of BayWa AG set as targets a quota of 18 per cent for women in the top executive tier and a quota of 12 per cent for women in the second executive tier. The deadline for achieving the targets was 30 June 2017. As at 30 June 2017, the target for women in the top executive tier had been met and exceeded by 1 percentage point, standing at 19 per cent. At 18 per cent, the target for women in the second executive tier had also been exceeded. On 27

The number of women in management positions BayWa AG

	Target for 30/06/2017, set in 2015	Current percentage as at 30/06/2017	Target for 30/06/2022
M 1	18.0%	19.0% (5 women)	22.0%
M 2	12.0%	18.0% (13 women)	22.0%



June 2017, the Board of Management of BayWa AG subsequently set as targets a quota of 22 per cent for women in the top executive tier and a quota of 22 per cent for women in the second executive tier, which are scheduled to be met by 30 June 2022.

Management positions by gender at BayWa AG 2017



Managers overall: 93 (80)

(1st and 2nd levels)

Male: 79.6% (80.0%)

Female: 20.4% (20.0%)

Comparable figures from 2016 in brackets

In 2017, the share of female managers at BayWa AG was 25 per cent, remaining almost stable compared with 2016. The share of female employees at the reporting subsidiaries was 32 per cent. The share of women on the Supervisory Board totalled 19 per cent (2016: 19 per cent).

Management positions by gender at subsidiaries 2017¹



Managers overall: 471 (277)

(1st and 2nd levels)

Male: 74.0% (76.7%)

Female: 26.0% (23.3%)

¹ Only companies covered by this report
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Comparable figures from 2016 in brackets



Further results

More than 90 per cent of the employees at BayWa AG fall under the BayWa pay scale. As a result, there are no differences in pay between women and men. As in 2016, neither BayWa AG nor any of the reported subsidiaries were made aware of any cases of discrimination in 2017. In 2017, 2.2 per cent (2016: 2.2 per cent) of employees went on parental

Age structure management positions at BayWa AG 2016



Managers overall:		93 (80)
		(1 st and 2 nd levels)
< 40 years:	27.9%	(32.5%)
40–50 years:	36.6%	(35.0%)
> 50 years:	35.5%	(32.5%)

Comparable figures from 2016 in brackets

leave, 88.5 per cent of whom were women (2016: 88.7 per cent). Of the 16.6 per cent of employees working part-time (2016: 16.4 per cent)¹, 62.4 per cent were women (2016: 62.4 per cent). People with a disability accounted for 2.6 per cent of employees at BayWa AG during the reporting period (2016: 3.2 per cent).

Age structure management positions at subsidiaries 2017¹



Managers overall:		471 (277)
		(1 st and 2 nd levels)
< 40 years:	32.2%	(28.9%)
40–50 years:	40.8%	(41.1%)
> 50 years:	26.9%	(29.6%)

1 Only companies covered by this report

The scope of data collection was expanded to include companies of the BayWa r.e. Group, RWA AG and CLAAS, as well as other companies. Headcounts may differ from the figures in the consolidated financial statements due to different data collection methods. Slight discrepancies may occur in the totals presented in the diagrams as a result of rounding. Due to different pools of data, figures for the subsidiaries are not directly comparable with 2016; figures for 2017 excluding Cefetra B.V. as well as RWA A. Comparable figures from 2016 in brackets

¹ Previous year's figures corrected compared to Sustainability Report 2016



Training and professional development

Professional development is key to ensuring the competitiveness of companies over the long term, while training is key to ensuring the employability of people. Companies that promote the professional and personal development of their employees secure an edge for themselves with regard to expertise, the satisfaction of their employees and their attractiveness to people on the job market. In light of this, professional development and training are key components of BayWa's human resources strategy. Nowadays, young people in particular expect companies to facilitate a high degree of personal development, which means that professional development and training programmes are crucial to recruiting and retaining young talent, for whom a traditional trading group such as BayWa must now compete.

In November 2017, BayWa r.e. launched its Future Energy Leadership Experience programme (FLEX), in which future managers have the opportunity to expand their knowledge and skills with regard to leadership and entrepreneurship. The focus is on the individual advancement of 14 participants at the moment from five different countries.

Guidelines, structures and processes

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

As a training provider, BayWa plays an important role in ensuring the next generation of talent. Young employees are systematically prepared

for a profession in 13 apprenticeships. Apart from technical training, the development of social and methodological skills also plays a major role in this process and is a key element of the training structure.

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

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

T&G Global has a performance development framework in place and added a related online capability in 2017. The T&G Academy offers professional development and training programmes with regard to compliance, management development, health, safety, and technical and operational skills. One focus in the reporting year was on developing an internal solution to literacy and numeracy training, which T&G Global is pursuing in the pilot stage and plans to extend nationally in future.



Objectives

Through its development programmes, BayWa aims to ensure that specialists and managers are highly and uniformly qualified, thereby rooting an entrepreneurial approach within its corporate culture.

A management conference dedicated to the key issue of climate change has been planned for 2018. In addition, managers are slated to complete training courses that aim to raise their awareness of stakeholder expectations. In future, BayWa will also provide its employees with regular training on its sustainability strategy and make suggestions on how they can contribute. Another focus for the years ahead will be on fostering female managers (see diversity and equal opportunities section, page 63).

Performance indicator and result

Number of training hours per employee

In 2017, 7,645 participants took advantage of 17,400 training days at BayWa AG. Training hours per employee increased by almost 30 per cent and rose to 15.6 hours. In 2017, approximately 1,430 participants took advantage of some 51,000 training hours at T&G Global. RWA AG and "UNSER LAGERHAUS" conducted 527 training courses for approximately 2,240 participants. At CLAAS 426 employees took advantage of 9,950 training hours.

Average number of training hours at BayWa AG 2017¹

§	2017
Number of employees participating in training: 7,645	
Number of hours per capita overall	15.6
Number of hours per capita female	11.3
Number of hours per capita male	17.0
Number of hours per capita industrial	12.1
Number of hours per capita commercial	17.4

1 Due to a modified data collection method, the figures are not directly comparable with 2016.

Further results

The employee assessments covered approximately 43 per cent of all employees at BayWa AG in 2017 (2016: some 42 per cent). During the reporting year, employee assessments were conducted for approximately 61 per cent and 52 per cent of all employees at T&G Global and RWA AG respectively.





BayWa r.e. initiates innovation competition



In December 2016, the BayWa r.e. Board of Management called on all colleagues to join in the Innovation Challenge for the first time. As part of this competition, employees had the opportunity to submit their own ideas and suggestions for improvements with regard to innovative products, services and new business ideas in the field of renewable energies. The objective was to further develop BayWa r.e.'s complex portfolio and harness employees' innovative strength. A total of 58 ideas from 137 employees in nine countries were submitted. Awards went to five finalists, whose ideas ranged from the development of a customer inventory management app and sophisticated image analysis by drone cameras to the risk-free operational management of wind farms. The finalists' ideas were ranked at the global Leadership Summit by the managers assembled there. Based on their ranking, prize money was awarded to fund further development.



Occupational health and safety

In 2017, more than 1,954 employees in total received training on health and safety issues (2016: 1,922).

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

Guidelines, structures and processes

With its 16 employees, BayWa AG's Environment, Health & Safety (EH&S) organisational unit is a Group-wide point of contact for employee health and safety concerns. It also crafts international standards. The unit's "Safety, Health and Environmental Management" mandate, adopted in 2016, establishes uniform rules for the Group. All Group companies have an officer who is in charge of these matters. In addition, a general policy for EH&S is currently being developed for the overall Group in collaboration with BAST. The policy is scheduled for release in 2018, and it will contain specific requirements concerning occupational health and safety, and environmental management. All subsidiaries will be required to observe this policy. The Group has also purchased management software that targets occupational health and safety, and environmental management. It will be available to all Group companies from 2018.

The occupational health management structure is based on a working group, the addiction officer, EH&S coordinators and cooperation partners. Since 2017, the health management team has offered all Group employees in Germany the opportunity to participate free of charge in health seminars led by Kolping on such topics as boosting their resilience, mindfulness and healthy eating. These seminars help promote employee health by focusing in particular on the prevention of mental and psychological strain. BayWa AG employees who are considered especially at risk in the industrial sector include warehouse staff and professional drivers, as well as employees in workshop areas, such as agricultural machinery mechanics and customer service for milking operations. The requests submitted through the employer's liability insurance association in 2017 regarding suspicions of occupational illnesses afflicting current or former employees were looked into. BayWa AG's occupational reintegration management system provides employees suffering from longer-term or frequent illnesses with optimum support.

BayWa makes use of its internal suggestion scheme to determine how accidents can be prevented and working conditions improved. BayWa AG has kept systematic records of accidents at work since 1974. The BayWa AG EH&S and PR/Corporate Communications organisational units must be informed immediately if any of the following work-related



BayWa's health management scheme promotes employee health and safety through various means, particularly prevention. Among others, the measures include health seminars on coping with stress, healthy eating, exercise and relaxation. Since 2017, BayWa's health management team has covered the costs of participating in these training sessions dedicated to healthy living.

accidents or incidents occur: firstly, serious occupational accidents or occupational accidents resulting in death; secondly, incidents that impact the environment. An extensive catalogue for personal protective equipment and a comprehensive training programme on prevention in occupational safety help prevent accidents and injuries at BayWa AG and its subsidiaries.

BayWa AG's EH&S is pressing ahead with Group-wide EH&S reporting at regular intervals via the companies' respective EH&S officers, and it is currently establishing performance indicators and processes.

In addition to the EH&S mandate, Cefetra has designated its own occupational health and safety officers. Cefetra employees face the greatest safety risks during external meetings and appointments. A risk analysis is currently being performed in this regard.

All incidents are reported internally, and serious incidents are reported to BayWa. Cefetra's objectives are linked to those that apply across the Group.

Objectives

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

Performance indicators and results

Occupational accidents



With a total of 262 work and commuting accidents (2016: 219), the accident rate at BayWa AG in 2017 rose compared to 2016. There were six work accidents at RWA AG. One unfortunate workplace accident occurred at BayWa AG in the reporting year 2017 which resulted in death.

Rate of illness



At 3.3 per cent, the rate of illness at BayWa AG in 2017 remained unchanged (2016: 3.3 per cent). The companies RWA AG and "UNSER LAGERHAUS" recorded a rate of illness of 3.1 per cent and 2.5 per cent respectively. At Cefetra B.V., the rate of illness was at 2.0 per cent.



Quality of Life

[› Product responsibility](#) [› BayWa Foundation and sponsorships](#)



BayWa's products and services meet basic human needs and therefore need to be safe and high in quality. This is where guidelines and processes come into play. For example, seamless supplier documentation makes it possible to trace products back to their origins. Customers can rely on comprehensive advice, while farms can rely on extensive help with efficiency and sustainability. Through the BayWa Foundation, the company is committed to promoting education, sports and the environment, in Germany and around the world.



Product responsibility

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

Guidelines, structures and processes

At BayWa, product responsibility is a key issue in Group-wide sustainability management. The quality management teams in the respective business units bear responsibility for this concern, while in the units BayWa Agricultural Products (BAE) und BayWa Agricultural Sales (BAV), responsibility has been assigned to the relevant product area managers.

Thanks to close collaboration between producers, production and marketing, systematic traceability and comprehensive residue monitoring, the company meets or exceeds the strict legal standards, especially in the food and feedstuffs product unit. The selection of reliable suppliers

and neutral inspection bodies also play a pivotal role and serve to benefit product and process safety.

Products containing hazardous substances are subject to special labelling obligations about their origins, ingredients and use, as are feedstuffs and seed. BayWa AG fulfils both of these special labelling obligations. The corporate Environmental Health & Safety (EH&S) organisational unit, for example, holds regular training courses for all business units to ensure that all relevant BayWa employees are informed about current requirements.

In accordance with legal requirements, BayWa AG sends safety data sheets and any updates directly to professional users, and it makes approximately 12,000 such documents for hazardous goods and substances available on the internet and intranet.

Agriculture

All locations of the BayWa Agri Supply & Trade (BAST) and BayWa Agricultural Sales (BAV) business units of BayWa AG which 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 (trade, origination, storage and handling)



or B4 (transport) feedstuffs safety standards. The "UNSER LAGERHAUS" agricultural locations that collect, store and trade grain and feedstuffs in bulk are also GMP certified.

In 2017, BayWa Agricultural Sales (BAV) recorded some 1.75 million tonnes of sustainable grain and 486,827 tonnes of sustainable oilseeds, corresponding to 61 per cent of recorded grain and 97 per cent of recorded oilseeds. The amount cited (1.75 million tonnes) was certified according to the REDcert EU sustainability standard and meets the feedstuffs safety standard GMP B3. A total of 90.3 per cent of the soya meal traded by the BayWa Agricultural Sales (BAV) business unit and 95.8 per cent of the soya meal traded by the subsidiary RWA AG is genetically modified, for which the companies each comply with a special labelling obligation. The share of non-genetically modified soya meal compared to the total amount of soya meal sold rose to 9.7 per cent in 2017 (2016: 2.6 per cent).

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

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

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





Regional food at "UNSER LAGERHAUS"



As a Genussland partner, "UNSER LAGERHAUS" currently has "Farmers' corners" set up at six LAGERHAUS stores in Carinthia which showcase quality-assured and source-identified products from the immediate region. The suppliers are farmers from the vicinity of the respective location. As a result of these efforts, "UNSER LAGERHAUS" serves as a marketplace and important link between regional agricultural producers and consumers with a sustainable mindset. The aim is to strengthen the agricultural production of food in Carinthia and boost value creation in the region.

Fruit

The wholesale fruit markets fulfil the requirements of the food standards for quality and safety (QS), the International Featured Standard (IFS) and the Global Standard for Food Safety of the British Retail Consortium (GRC) and undergo annual auditing by neutral, accredited inspection bodies. BayWa Obst GmbH's locations are recognised for registering products from organic farming pursuant to the European Council regulation on organic production. The producers are certified under the combined QS-GAP quality standard, which contains the guidelines of GLOBALG.A.P., a global standard for the sustainable production of agricultural produce, and of the food standards for quality and safety (QS). They also fulfil the requirements of regional labels, such as Regionalfenster, which informs consumers of the product's origin, processing and regional component.

In 2017, BayWa Obst GmbH amended the self-disclosure obligation for suppliers by requesting compliance with the core labour standards of the International Labour Organization (ILO).



In Germany, frost damage resulted in a significantly smaller harvest yield in 2017 compared to 2016. As a result the harvest yield of organically grown fruit also decreased compared to 2016. The area which is used for organically grown pome fruit accounted for around 20 per cent (2016: 19 per cent) of the total area.

Building Materials

Through a wide range of products and services, BayWa makes safe, healthy and environmentally friendly construction a reality for customers. Among other things, this includes planning for homes that are healthy to live in and consultation on energy standards.

The Building Materials business unit offers some 3,500 (2016: 3,000) emissions-tested products that receive the corresponding verification thanks to tests performed by the manufacturer, the certification body Technischer Überwachungsverein (TÜV) or BayWa. Almost 1.75 per cent of the approximately 200,000 building material products have particularly and verifiably low emissions and therefore promote healthy living conditions. Around 4.8 per cent of building materials are environmentally relevant products, while less than 1 per cent of items are subject to labelling requirements as hazardous goods.

Energy

BayWa AG's Energy business unit has implemented the ISO 9001:2015 quality management standard. The green electricity from r.e.mix is TÜV Nord- and ok-power-plus certified.

Overarching objectives and results

Since 2016, BayWa has been supporting organic farmers with the "BayWa Öko" concept through a wide range of products and advice. Today, 123 locations have already been certified for trade in organically produced goods. In addition, RWA AG's "Unser Bio" range has been offering only products that comply with the European Council regulation on organic production since 2016. Beginning in 2018, the Energy business unit plans to progressively measure the carbon footprint of its transport companies.

In 2018, BayWa will launch its own seal for labelling healthy building materials with the aim of helping customers select and combine the right products. Only products that pass the internal control process will receive the seal, known as the "BayWa BauGesund-Siegel". As part of these efforts, a review of the most important independent certifications will be performed, and a BayWa expert will be responsible for awarding



the seal. The long-term objective is to increase the amount of low-emission building materials that promote healthy living conditions to 5 per cent by 2020.

None of the companies included in the report were made aware of any cases in 2017 in which there was a failure to comply 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. To ensure the proper handling and storage of hazardous substances in future, the data on hazardous substances and safety data sheets must be updated regularly. As a result, EH&S is pressing ahead with a Group-wide content management system for data on hazardous substances, which is scheduled to be in place by the end of 2017.

Efficiency and resource conservation for farmers

Agricultural productivity needs to rise significantly to safeguard the global food supply while minimising agricultural sprawl. BayWa supports its customers in maximising agricultural yields and conserving

resources through sustainable services for protecting soil fertility, among other goals, and innovative products such as high-performance varieties. 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 joined by an extensive sales and consulting network.

Together with its subsidiaries FarmFacts and VISTA, BayWa is also playing a pioneering role in the digitalisation of agriculture. The focus is on optimising the use of operating resources, such as fertilisers, seed and water, with the help of software and data analytics. The resource-friendly use of fertilisers as and where needed is a good example of how economically sustainable agricultural practices can work. Digital solutions work in Germany and other places around the world, as tests in sub-Saharan Africa reveal. Using satellite information, for example, it is possible to advise farms on the management of arable land and transfer knowledge from the base in Germany.



BayWa Foundation and sponsorships

Showing commitment to people and nature in ways that extend beyond core business helps companies to achieve a high degree of social acceptance. Approaches that shed light on new business prospects can have a positive impact on companies' innovativeness. This principle applies all the more whenever commitment to society is thematically tied to the business purpose of an enterprise.

Guidelines, structures and processes

The BayWa Foundation was established in 1998 to fulfil and further develop the Group's commitment to society. The Foundation's board comprises three members who are appointed by the Board of Management of BayWa AG. BayWa AG covers the administrative costs and doubles donations so that 200 per cent of the money the Foundation receives goes towards projects that it funds. In 2017, the Foundation funded more than 20 long-term educational projects worldwide, which aim to improve children's nutrition and teach practical knowledge about renewable energy. In Germany, the BayWa Foundation focuses on raising awareness for healthy nutrition at an early age and promoting children's health. As part of the hands-on "Gemüse pflanzen. Gesundheit ernten." project, schoolchildren plant their own vegetables, prepare them as healthy snacks and use the initiative-driven "Der Ernährungskompass" textbook to discover what nutrients the food contains. Over

120 gardens for around 9,000 children have already been planted at schools since the project launched in 2013.

Since 2011, the BayWa Foundation has provided 100 students at German universities with financial assistance each year as part of the Deutschlandstipendium. Together with colleagues from the BayWa HR Management 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 aims to promote language learning among non-German students.

International projects, especially in Africa, are geared towards providing long-term assistance to help people help themselves. In Zambia, young mothers in need receive support in the form of 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 people's health. 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 Ingenieure ohne Grenzen (Engineers Without Borders), the BayWa Foundation is working on expanding local expertise and making the technology more widely available.



<p>Objectives</p> <p>For 2018 and the subsequent years, the BayWa Foundation plans to further expand the existing educational projects on healthy nutrition and renewable energy both in Germany and around the world.</p> <p>Apart from its efforts in Germany to spread knowledge about nutrition among children, the BayWa Foundation will continue to focus internationally in 2018 and subsequent years on helping people to help themselves. In Africa in particular, the Foundation is pressing ahead with its existing educational projects. The aim is to continue and expand educational support for young women in Zambia, while the biogas project in Tanzania is poised for ongoing development. Technical support for the biogas systems in Tanzania successfully wrapped up in 2017 with Ingenieure ohne Grenzen e.V. The partnership with Change Development will continue in 2018, which will also mark the start of the innovative development process to pave the way for long-term educational prospects for the inhabitants.</p> <p>Since it was founded in 1998, the BayWa Foundation has carried out a total of 63 social education projects nationally and internationally on healthy eating and renewable energy. The BayWa Foundation is celebrating its 20th anniversary in 2018.</p>	<p>Performance indicator and result</p> <p>Annual foundation funding</p> <p>In 2017, the Foundation provided €698,000 million in financing for 38 projects in 6 countries. Funding amounted to €523,000 million for 23 projects in total in 2017.</p> <p>Further results</p> <p>The BayWa Foundation commissioned an impact assessment in 2017 for the "Gemüse pflanzen. Gesundheit ernten." nutrition project. The assessment, which was conducted by nutritionists and sports scientists from the Technical University of Munich, revealed the following positive changes:</p> <ul style="list-style-type: none"> ■ Eating habits improved by 18 per cent thanks to the BayWa Foundation's nutrition project. ■ Through the nutrition project, 27 per cent of the children tried new types of fruits and vegetables, and 22 per cent of the children now eat fruits and vegetables that they did not like before. ■ The Foundation received positive feedback from the teachers regarding improvements in the children's social development and cooperation. 	<p>§</p>



During the reporting year, BayWa AG donated some €949,000 in total, of which €698,000 went to the projects of the BayWa Foundation.

The BayWa Foundation also equipped nine more schools with gardens in the reporting year. Another milestone was the release of the "Essen+Wissen" app that helps parents teach their children about healthy nutrition. The initiative-driven "Der Ernährungskompass" textbook successfully completed the pilot stage in 2017 and underwent further development. The Foundation also continued its active school sponsorship with the special education support centre – Sonderpädagogisches Förderzentrum – in Neuperlach.

Outside Germany, the BayWa Foundation funded the "Go for Gold" project in South Africa for the first time during the reporting year. As part of the project, local mentors support and assist secondary school students in successfully completing their schooling.

Apart from the Foundation, which supports science, research and education, BayWa's corporate social responsibility has traditionally also extended to promoting sporting activities in Munich. In 2017, BayWa supported FC Bayern as the main sponsor of its basketball team for the fourth season and continued to make a contribution to elite sport. In the 2016/17 season, greater focus was placed on sustainability. In addition, recyclable material was used in the production of media for sponsorship-related communications and carbon emissions were offset.



"Der Ernährungskompass"



Many children do not know where their food comes from or what healthy eating entails. To share this information in a fun and simple way, the BayWa Foundation joined forces with the Technical University of Munich to develop "Der Ernährungskompass" – an initiative-driven textbook bursting with colour. It explains the world of nutrients to German schoolchildren in year 3 and shares practical tips designed to spark their excitement for cooking food at home. At the same time, "Der Ernährungskompass" helps teachers to integrate the topic of healthy eating into their lessons across different subjects.



BayWa's sustainability objectives

		Sustainability objectives by 2020	Achievement of objectives in 2017
Environment and Climate	Reduction of CO ₂ emissions	<ul style="list-style-type: none"> - Establishment of a strategic energy management system - Development of a CO₂ reduction target for BayWa's global activities - Measurement and management of all location-specific sources of emissions (Scopes 1 and 2) and the inclusion of emissions from the up- and downstream value chain from 2018 - Continuous identification and implementation of reduction measures - Expansion of carbon-neutral activities 	<ul style="list-style-type: none"> - Educated six trainees to be "energy scouts" together with the IHK Munich in order to make them aware of energy efficiency and reveal related potential - Creation of Group-wide guidelines for procuring carbon credits - Establishment of a second carbon-neutral BayWa Obst GmbH location in Ravensburg and the continuation of carbon-neutral operations at the Kressbronn location - Implementation of carbon-neutral supply (of heating oil and wood pellets) in the Energy business unit - Product launch: carbon-neutral heating oil - Expanded energy data collection (now covering about 90 per cent of consolidated revenues) - BayWa AG's participation in Klimapakt Münchner Wirtschaft (Munich business climate pact) and the related reduction of CO₂ emissions at the Munich location
	Transport and logistics	<ul style="list-style-type: none"> - Efficient and sustainable design of transport and logistic processes 	<ul style="list-style-type: none"> - Optimised fleet management, reduced emissions related to logistics in the Energy business unit
Market	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 - Measurement and management of sustainability performance through defined performance indicators and targets 	<ul style="list-style-type: none"> - Expanded a global governance structure to implement and manage sustainability activities - Established an operational action model to structure sustainability activities and evaluate BayWay's efforts to implement SDGs - Expanded the collection of social and environmental data through the inclusion of additional subsidiaries (now covering about 90 per cent of consolidated revenues) - Further developed a tool for collecting social and environmental data - Sustainability Report audited for the first time by external auditors
	Code of Conduct for suppliers	<ul style="list-style-type: none"> - Code of Conduct for suppliers based on BayWa AG's Code of Conduct - Short-term objective: putting greater focus on human rights within Group-wide risk management - Medium-term objective: getting 10 per cent of BayWa AG's most important suppliers to sign - Long-term objective: getting all suppliers to sign 	<ul style="list-style-type: none"> - BayWa Obst GmbH 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 - 100 per cent of BayWa AG suppliers in high-risk countries screened
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"> - 470 BayWa AG employees received on-site training on compliance, and 2,653 employees received online training on anti-corruption and antitrust law - 1,380 BayWa AG employees received training on how to handle environmentally relevant products, the transport of hazardous goods, and the storage and delivery of hazardous substances
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"> - Reviewed and revised the BayWa sustainability strategy with regard to the impact that business activities have on the environment and society - BayWa Foundation: impact assessment performed for the nutrition project



Assurance Statement

Independent Practitioner's Report on a Limited Assurance Engagement on Sustainability Information¹

To BayWa Aktiengesellschaft, Munich

Our engagement

We have been engaged to perform a limited review on the disclosures in the BayWa Sustainability Report 2017 (hereinafter: "Sustainability Report"), for the period from 1 January to 31 December 2017.

Management's responsibility

The BayWa Aktiengesellschaft Executive Board is responsible for the accurate preparation of the Sustainability Report in accordance with the principles stated in the Sustainability Reporting Standards of the Global Reporting Initiative (hereinafter: "GRI criteria") and for the selection of the disclosures to be evaluated.

This responsibility includes the selection and application of appropriate methods of sustainability reporting as well as making assumptions and estimates related to individual sustainability disclosures, which are reasonable in the circumstances. Furthermore, the BayWa Aktiengesellschaft Executive Board is responsible for such internal control, as it has

considered it necessary to enable the preparation of the Sustainability Report that is free from material misstatement, whether due to fraud or error.

Practitioner's declaration relating to independence and quality

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

Deloitte GmbH Wirtschaftsprüfungsgesellschaft applies the German national legal requirements and the German profession's pronouncements for quality control, in particular the by-laws regulating the rights and duties of "Wirtschaftsprüfer" and "vereidigte Buchprüfer" in the exercise of their profession (Berufssatzung für Wirtschaftsprüfer und vereidigte Buchprüfer) as well as the IDW Standard on Quality Control 1: Requirements for Quality Control in Audit Firms (IDW Qualitätssicherungsstandards: Anforderungen an die Qualitätssicherung in der Wirtschaftsprüferpraxis – IDW QS 1), that are consistent with the International Standard on Quality Control 1 (ISQC 1) issued by the International Auditing and Assurance Standards Board (IAASB).

¹ We have performed a limited assurance engagement on the German version of the BayWa Sustainability Report 2017 and issued an independent assurance report in German language, which is authoritative. The following text is a convenience translation of the independent practitioner's assurance report.



Practitioner's responsibility

Our responsibility is to express a limited assurance conclusion on the disclosures in the Sustainability Report, based on the assurance engagement we have performed.

We conducted our assurance engagement in accordance with the International Standard on Assurance Engagements (ISAE) 3000 (Revised): Assurance Engagements other than Audits or Reviews of Historical Financial Information, issued by the IAASB. This standard requires that we plan and perform the assurance engagement to allow us to conclude with limited assurance that no matters have come to our attention that cause us to believe that the information disclosed in the BayWa Aktiengesellschaft Sustainability Report for the period from 1 January to 31 December 2017 has not been prepared, in all material respects, in accordance with the relevant GRI criteria. In a limited assurance engagement, the assurance procedures are less in extent than for a reasonable assurance engagement and therefore a substantially lower level of assurance is obtained. The assurance procedures selected depend on the practitioner's professional judgment.

Within the scope of our limited assurance engagement, which was – with intermittent delays – performed from September 2017 to March 2018, we have performed, amongst others, the following audit procedures and other activities:

- Obtaining an understanding of the structure of the sustainability organization and of the stakeholder engagement
- Conducting an on-site visit to the subsidiaries "UNSER LAGERHAUS" Warenhandelsgesellschaft m.b.H. and RWA Raiffeisen Ware Austria AG as part of an investigation into the processes for collecting, analyzing and aggregating select data
- Interviews with legal representatives and employees involved in the preparation of the Sustainability Report regarding the preparation process, the related internal control system and selected disclosures in the Sustainability Report at the Munich location
- Identification of likely risks of material misstatement within the Sustainability Report
- Analytical evaluation of select disclosures within the Sustainability Report



- Comparison of select disclosures with corresponding data in the consolidated financial statements
- Evaluation of the presentation of the selected disclosures regarding sustainability performance.

Assurance conclusion

Based on the assurance procedures performed and assurance evidence obtained, nothing has come to our attention that causes us to believe that the disclosures of BayWa Sustainability Report 2017 of BayWa Aktiengesellschaft, Munich, for the period from 1 January to 31 December 2017 have not been prepared, in all material aspects, in accordance with the relevant GRI criteria.

Purpose of the Assurance Statement

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

Limitation of liability

The report is not intended to provide third parties with support in making (financial) decisions. Our responsibility lies solely toward BayWa Aktiengesellschaft and is limited based on the "Special engagement terms of Deloitte GmbH Wirtschaftsprüfungsgesellschaft" as well as on the "General Engagement Terms for Wirtschaftsprüfer and Wirtschaftsprüfungsgesellschaften of the IDW" from 1 January 2017, which were agreed with BayWa Aktiengesellschaft. We do not assume any responsibility towards third parties.

Munich, 26 March 2018

Deloitte GmbH

Wirtschaftsprüfungsgesellschaft

~~Signed:~~ (Peter Götz)

Certified Public Accountant

~~Signed:~~ (p.a. Vinzenz Fundel)



GRI Content Index



Materiality
Disclosures
BayWa AG

Mar 2018
Service

The BayWa Sustainability Report 2017 was prepared in accordance with the Global Reporting Initiative (GRI) guidelines and fulfils "in accordance" core option. The G4 guidelines in force since May 2013 were applied. The GRI G4 Food Processing Sector Disclosures and the Oil and Gas Sector Disclosure were also taken into account. This report has successfully undergone a Materiality Disclosures service which confirms that at the time of publication of the

report, the disclosures G4-17 to G4-27 from the G4 guidelines were correctly located in both the content index and in the text of the final report.

Deloitte GmbH Wirtschaftsprüfungsgesellschaft performed an external audit of the contents of this report.

	Page	Comments	Part of the separate consolidated non-financial report
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G4-1 Statement from the most senior decision-maker	3		
G4-2 Key impacts, risks and opportunities concerning sustainability	12/13		
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G4-3 Name of the organisation	6		
G4-4 Primary brands, products and services	7/8		
G4-5 Location of the organisation's headquarter	6		
G4-6 Countries with significant operations	5/6		
G4-7 Nature of ownership and legal form	6		
G4-8 Markets served	5/6; Consolidated Financial Statements 3		
G4-9 Scale of the organisation	6/24; Consolidated Financial Statements , Consolidated Balance Sheet 48		
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G4-11 Percentage of employees covered by collective bargaining agreements	66		
G4-12 Description of the supply chain	28, 31 – 36		
G4-13 Significant memberships in industry and business associations	27; Consolidated Financial Statements 3		



	Page	Comments	Part of the separate consolidated non-financial report
G4-14 Implementation of the precautionary principle	17		
G4-15 External initiatives that the organisation endorses	22		
G4-16 Significant memberships in industry and business associations	22		
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G4-19 Material aspects identified	12		
G4-20 Aspect boundaries within the organisation	12		
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G4-25 Identification and selection of stakeholders	10		
G4-26 Approach to stakeholder engagement and frequency	22		
G4-27 Key topics and concerns raised through stakeholder engagement and response	11, 22		
Report Profile			
G4-28 Reporting period	4		
G4-29 Date of the most recent report	23 May 2017		
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	82		
G4-33 External verification of the report	Assurance Statement		
Governance			
G4-34 Governance structure, incl. committees of the highest governance body	16; Consolidated Financial Statements 185		
G4-35 Process for delegating authority for economic, environmental and social topics	14, 16/17		
G4-36 Executive-level position with responsibility for economic, environmental and social topics	14, 16/17		
G4-37 Processes for consultation between stakeholders and the highest governance body	16, 22		
G4-39 Independence of the chair of the highest governance body	17		
G4-40 Nomination and selection processes for the highest governance body and its committees	16		



		Page	Comments	Part of the separate consolidated dated non-financial report
G4-41	Process for avoiding conflicts of interest	17–21; Corporate Governance Report		
G4-42	Highest governance body's role concerning strategy and goals	14, 16–18		
G4-43	Measures taken concerning the highest governance body's knowledge on sustainability issues	18		
G4-46	Highest governance body's role concerning the effectiveness of risk management	17/18		
G4-47	Frequency of the review of economic, environmental and social impacts, risks	17/18; Consolidated Financial Statements 37		
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	16, 18		
G4-51	Remuneration policies for the highest governance body and senior executives	17; Consolidated Financial Statements 36		
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G4-56	Values, principles, standards and norms of behaviour	15		
G4-58	Mechanisms for reporting concerns about unethical or unlawful behaviour	19–21		
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Aspect: Economic Performance – Management Approach				
G4-EC1	Direct economic value created and distributed	23/24		
G4-EC2	Financial implications and other risks and opportunities due to climate change	24–26; Consolidated Financial Statements 1		
G4-EC4	Financial assistance received from government	40		
Aspect: Indirect Economic Impacts – Management Approach				
G4-EC8	Significant indirect economic impacts	72/73, 78		
Aspect: Procurement/Sourcing Practices – Management Approach				
G4-EC9	Proportion of spending on local suppliers	76, 79/80		
FP2	Percentage of purchased volume verified as being in accordance with international standards	28		<input checked="" type="checkbox"/>
Environmental				
Aspect: Energy – Management Approach				
G4-EN3	Energy consumption within the organisation	42		<input checked="" type="checkbox"/>
G4-EN5	Energy intensity	45		<input checked="" type="checkbox"/>
OG3	Total amount of renewable energy generated	45		
		47		



	Page	Comments	Part of the separate consolidated non-financial report
Aspect: Emissions – Management Approach	42		✓
G4-EN15 Direct greenhouse gas (GHG) emissions (Scope 1)	46	One base year is provided in the text whenever a comparison is drawn.	✓
G4-EN16 Energy indirect greenhouse gas (GHG) emissions (Scope 2)	46	One base year is provided in the text whenever a comparison is drawn.	
G4-EN18 Greenhouse gas (GHG) emissions intensity	46		
Aspect: Effluents and Waste – Management Approach	48		✓
G4-EN23 Total weight of waste by type and disposal method	50/51		✓
G4-EN24 Significant environmental impacts of transporting products	51		
Aspect: Products and Services – Management Approach	73		
G4-EN27 Mitigation of environmental impacts of products and services		BayWa does not engage in quantitative reporting on the extent of the mitigated environmental impacts, as this requirement is not applicable to our business model.	
Aspect: Transport – Management Approach	52		✓
G4-EN30 Significant environmental impacts of transporting products	54 – 56		
Aspect: Overall	40		
G4-EN31 Total environmental protection expenditures and investments by type	40		
Aspect: Supplier Environmental Assessment – Management Approach	28		
G4-EN32 Percentage of new suppliers that were screened using environmental criteria		The percentage of new suppliers cannot be reported at this time, as the data is not available. BayWa is working on establishing a system for collecting the data in future. Key to these efforts is a Code of Conduct for suppliers, which we will roll out as the first step by 2020.	
Aspect: Environmental Grievance Mechanisms – Management Approach	20		
G4-EN34 Grievances about environmental impacts	40		
Social			
Labour Practices and Decent Work			
Aspect Employment – Management Approach	58		✓
G4-LA1 New employee hires and employee turnover	60/61	Rate by age group, employee turnover by gender and age group classified as confidential information	
Aspect: Occupational Health and Safety – Management Approach	70		✓
G4-LA6 Injuries, occupational diseases, lost days and work-related fatalities	71	Type of injury, rates of injury and occupational diseases by gender classified as confidential information	✓
G4-LA7 Workers with high incidence or risk of diseases	70		
Aspect: Training and Education – Management Approach	67		✓
G4-LA9 Average hours of training	68		✓
G4-LA11 Percentage of employees receiving regular performance and career development reviews	68	Absolute number classified as confidential information	



	Page	Comments	Part of the separate consolidated dated non-financial report
Aspect: Diversity and Equal Opportunity – Management Approach	63		<input checked="" type="checkbox"/>
G4-LA12 Composition of governance bodies and breakdown of employees by aspects of diversity	17, 60, 64/65	Reporting on minorities prohibited by law	<input checked="" type="checkbox"/>
Aspect: Equal remuneration for Women and Men – Management Approach	63		
G4-LA13 Ratio of basic salary and remuneration of women to men	63	BayWa AG locations are looked at as the main places of business for this aspect.	
Aspect: Supplier Assessment for Labour Practices – Management Approach	28		
G4-LA14 Percentage of new suppliers that were screened using labour practice criteria		The percentage of new suppliers cannot be reported at this time, as the data is not available. BayWa is working on establishing a system for collecting this data in future. Key to these efforts is a Code of Conduct for suppliers, which we will roll out as the first step by 2020.	
Aspect: Labour Practices Grievance Mechanisms – Management Approach	20		
G4-LA16 Grievances about labour practices		BayWa did not receive reports of any grievances during the reporting year, nor did it become aware of any as part of an internal enquiry.	
Human Rights			
Aspect: Non-discrimination – Management Approach	37, 63		<input checked="" type="checkbox"/>
G4-HR3 Incidents of discrimination and corrective actions taken	66		
Aspect: Supplier Human Rights Assessment – Management Approach	37		
G4-HR10 Percentage of new suppliers that were screened using human rights criteria		The percentage of new suppliers cannot be reported at this time, as the data is not available. BayWa is working on establishing a system for collecting the data in future. Key to these efforts is a Code of Conduct for suppliers, which we will roll out as the first step by 2020.	
Aspect: Anti-corruption – Management Approach	19/20		<input checked="" type="checkbox"/>
G4-SO3 Total number and percentage of operations assessed for risks related to corruption and the significant risks identified	21		
G4-SO4 Communication and training on anti-corruption	21		<input checked="" type="checkbox"/>
G4-SO5 Confirmed incidents of corruption and actions taken		In the reporting year, there were no confirmed incidents of corruption.	
Aspect: Public Policy – Management Approach	27		
G4-SO6 Total value of political contributions	26		
Aspect: Anti-competitive Behaviour – Management Approach	19/20		<input checked="" type="checkbox"/>
G4-SO7 Legal actions for anti-competitive behaviour, anti-trust and monopoly practices	21		
Aspect: Compliance – Management Approach	19/20		<input checked="" type="checkbox"/>
G4-SO8 Fines and sanctions for non-compliance with laws and regulations	21		
Aspect: Supplier Assessment for Impacts on Society – Management Approach	28		
G4-SO9 Percentage of new suppliers that were screened using criteria for impacts on society		The percentage of new suppliers cannot be reported at this time, as the data is not available. BayWa is working on establishing a system for collecting the data in future. Key to these efforts is a Code of Conduct for suppliers, which we will roll out as the first step by 2020.	



	Page	Comments	Part of the separate consolidated non-financial report
Sector-specific Aspect: Healthy and Affordable Food	78		<input checked="" type="checkbox"/>
BayWa1 Measures fostering a healthy lifestyle	79/80		<input checked="" type="checkbox"/>
Product Responsibility			
Aspect: Customer Health and Safety – Management Approach	73		
G4-PR1 Percentage of significant product and service categories for which health and safety impacts are assessed	73		
G4-PR2 Incidents of non-compliance with regulations and voluntary codes concerning the health and safety impacts of products and services	76		
FP5 Percentage of production volume manufactured at locations certified according to international standards	73 – 76		
Aspect: Product and Service Labelling – Management Approach	73		
G4-PR3 Principles/procedures for product and service information and labelling	73		
G4-PR4 Incidents of non-compliance with regulations and voluntary codes concerning product and service information and labelling	76	There were no incidents of non-compliance in the reporting year with regard to product information and labelling requirements.	
Aspect: Compliance – Management Approach	19		
PR9 Significant fines concerning the provision and use of products and services	21, 76		



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