



years BayWa  
Where worlds meet.

BayWa

# Sustainability Report 2022

# Contents

<b>Introduction</b>			<b>44 Value Creation</b>			<b>89 Employees</b>		<b>Appendix</b>	
03	Foreword		45	Products and solutions		90	Human resources strategy	107	About this report
04	Profile of BayWa		65	Supply chain		93	Inclusion and diversity	109	BayWa AG non-financial report
06	100 years of BayWa				97	Learning and development	110	Audit note	
					99	Workplace health and safety	113	GRI content index	
							120	Imprint	
<b>09 Strategy &amp; Governance</b>			<b>72 Environment &amp; Climate</b>			<b>103 Society</b>			
10	Sustainability approach		73	Climate and energy		104	Social commitment to education		
20	Governance and compliance		82	Environment					
33	EU taxonomy								

Information marked with this symbol [ ... ] in the report is part of the Combined Separate Non-financial Report and was subject to a limited-assurance review externally.

Links marked with this symbol in the report navigate to external content, while links marked with this symbol are internal links.



**Marcus Pöllinger**  
Chief Executive Officer  
of the BayWa Group

**Dear Readers,**

This year, BayWa is celebrating its 100th anniversary. We are marking this occasion by looking back as well as ahead, from our roots as a collective to our present day as an internationally active group of companies that shapes the future of our world. BayWa fulfils people’s basic needs in the fields of energy, food, heating, housing and mobility and offers many pioneering solutions, ranging from wind turbines and solar panels to eco-friendly heating and mobility services as well as products for sustainable agriculture and energy-efficient construction. The history of BayWa shows that it is not necessarily a question of either/or - on the contrary, there is value in taking a variety of approaches. Our anniversary year bears the slogan “Where worlds meet”, which ties in well with the theme of sustainability.

The year 2022 was marked by the war against Ukraine, the ongoing pandemic, disrupted supply chains and climate-based natural catastrophes such as drought and flooding. It showed how fragile our global nutrition system and energy supply are. Given these challenges, it is all the more important to ask how we are going to ensure the supply of food, both now and in the future. Solutions to boost climate resilience and environmental protection will play a critical role. BayWa offers an incredible variety of products for this – including corresponding seed products, digital farming solutions, dual utilisation of agricultural space with agrivoltaics (Agri-PV) and more. In the field of renewable energies, we are one of the leading players in the energy transition through BayWa r.e.

We took a key step on the topic of climate protection during the reporting period and made a decision to implement an internal price on carbon, which went into effect in 2023. In doing so, we wish to expand our activities under our climate strategy and accelerate decarbonisation within the Group.

We have also implemented measures in our supply chain in order to fulfil our human rights due diligence obligations. These measures range from Group-wide risk analysis to the expansion of complaint procedures.

Sustainability also involves taking responsibility for our employees and providing them with an attractive working environment where they have room to grow. This has always been one of BayWa’s firm convictions. I wish to thank all employees who practise and drive sustainability at BayWa on a day-to-day basis for their commitment.

I hope you find this report insightful.

Best regards, 

**Marcus Pöllinger**  
Chief Executive Officer of the BayWa Group

# Profile of BayWa

[ BayWa is an internationally active group of companies with business areas in Energy, Agri Trade & Service and Building Materials. Being a global player, it develops leading solutions for people’s basic needs of food, energy, heating and mobility as well as construction and housing. The parent company, which is based in Munich, was founded in 1923 and is celebrating its 100th anniversary this year.

BayWa offers many sustainable solutions in its three business units. With BayWa r.e., the company is a leading developer, contractor and provider in the field of renewable energies. In addition, BayWa develops more eco-friendly heating and mobility solutions and offers products and services for sustainable agriculture and for energy-efficient, healthy buildings.

### Action driven by values

BayWa’s three business units of Energy, Agriculture and Building Materials trace their roots back to the company’s origins: providing people in rural regions with everything they need. Trust, solidity and innovation are hallmarks of how the company does business. These core values at BayWa find expression in transparency, social responsibility and a commitment to global sustainability goals. The Renewable Energies Segment has been an integral part of BayWa’s business activities since 2009. To promote healthy nutrition and renewable energies, the BayWa Foundation has also supported education projects around the world for 25 years. The largest shareholders of the company, which has been listed in the Prime Standard segment of Deutsche Börse since 2000, include Bayerische Raiffeisen-Beteiligungs-AG, with a 34.1% stake, and Raiffeisen Agrar Invest AG, with a 27.6% stake. A further 38.3% of the shares are in free float (as at 31 December 2022).

### There for our customers around the globe

BayWa’s roots are found in agricultural cooperative trading in Bavaria. The Group, while being based in Munich, is represented on all the world’s continents today. With its more than 24,000 employees (2021: 21,000), the company generated €27.1 billion in revenues in 2022 (2021: €19.8 billion). Its business focus is on Europe, but BayWa has also established an international trade and procurement network by maintaining important activities in the US and New Zealand and business relations from Asia to South America.

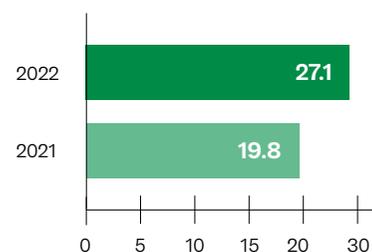


BayWa employs more than 24,000 employees around the world.

Tapping into further promising foreign markets is part of the growth strategy. A dense sales network and comprehensive digital offerings bring BayWa’s products and services into remote regions as well. Customers – particularly farming and forestry businesses, food retail, the food and feedstuffs industry, local authorities and commercial and trading companies – can rely on the expertise of BayWa’s employees and an extensive product range. ] ✓

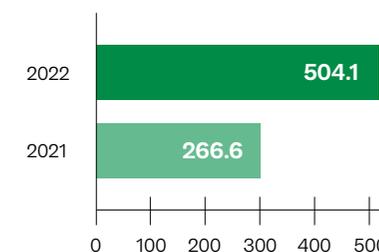
### BayWa Group Revenue

(in € billion)



### BayWa Group EBIT

(in € million)



### Shares of Revenues



Figures rounded. The energy business unit comprises the Renewable Energies and Energy Segments. The agriculture business unit comprises the Cefetra Group, Agri Trade & Service, Agricultural Equipment and Global Produce Segments. Revenues in the Innovation & Digitalisation Segment and from Other Activities <1%.

[ The BayWa Group's operating business activities are divided into the seven segments of Renewable Energies, Energy, Cefetra Group, Global Produce, Agri Trade & Service, Agricultural Equipment and Building Materials. In addition,

the Innovation & Digitalisation Segment and Other Activities are shown separately (see chart). The segments and their business activities are described in more detail in the Products and solutions sub-chapter (see p. 45  ). ] 

### The BayWa Group's operating segments



In addition to the operating segments, BayWa also has the Innovation & Digitalisation Segment and Other Activities.



Revenue grew by 37% and reached its highest value yet.

#### Business development

BayWa grew profitably during the 2022 financial year and once again exceeded the strong result already attained the previous year. The Group achieved new highs for revenue as well as earnings before interest and tax (EBIT). All three business units with active operations developed positively. The key drivers for this were the dynamic developments in international commodity exchanges and the accelerated energy transition.

In a market environment marked by heterogeneity and complexity, BayWa was able to profit from its widely diversified business portfolio and involve itself in the megatrends of food and energy security.

Detailed information and descriptions on the BayWa Group's business development can be found in the 2022 Consolidated Financial Statements.

# 100 years BayWa

## Sustainability at BayWa

From its roots as a cooperative to its development of energy-saving agricultural equipment, establishment of a foundation and creation of a Group-wide climate strategy, BayWa has had a focus on sustainability from a very early stage. It is consistent in driving progress on the topics in this field. The following outlines some of the milestones in the company's history.



### 1923

#### Founding of BayWa

On 17 January 1923, the banking business of the BZDK was separated from its trading business to form "Bayerische Warenvermittlung landwirtschaftlicher Genossenschaften AG", or "BayWa".

## 1960s



### BayWa grows and takes on trainees

The company's workforce cracks the 8,000 mark, with apprenticeships and training programmes growing in importance. In 1960, BayWa employs 1,200 apprentices, leading the industry with an apprenticeship quota of around 15%.

## 1980s

### Energy-saving agricultural equipment

In 1987, BayWa unveils a tractor engine that runs on diesel and rapeseed oil. It is also a leader in the development of technology such as on-board computers for tractors.



## 1998

### BayWa establishes a foundation

In the 75th year of its existence, the BayWa AG establishes the BayWa Foundation in line with its cooperative principle of "helping people help themselves".



## 1976

### The Sonnenhaus

With the "BayWa Sonnenhaus", which meets over 80% of its heating needs through solar energy, the company proves that you can save energy without forgoing comfort.



## 1990s



### The environment, health and safety become increasingly more important

BayWa expands its product range accordingly. For agriculture, for instance, this expansion included machines for the targeted application of crop protection and fertilizer products.

## 2009

### Reaching new heights with good energy

BayWa acquires various businesses that are leading project developers and trade partners for solar parks, wind farms, biogas plants and PV systems. BayWa r.e. is founded the same year.



## 2014

**First sustainability report**  
BayWa publishes its first Sustainability Report.



## 2018



**Group-wide climate strategy**  
BayWa adopts a climate strategy with five targets, including reducing energy consumption and GHG emissions.



## 2020

**100% renewable energies and CDP rating**  
BayWa achieves the first target in its climate strategy: All the Group's electricity needs are covered by renewable energies. Additionally, BayWa receives its first CDP climate score.

## 2022



**Internal carbon price**  
BayWa decides to implement an internal carbon price starting in 2023 to finance climate protection initiatives.

## 2017

**First climate-neutral site**  
The BayWa Kressbronn am Bodensee wholesale fruit market is its first climate-neutral site.



## 2019



**BayWa issues a green bond**  
The proceeds from the bond are used to finance wind farms and solar parks across the world.

## WE SUPPORT



## 2021

**BayWa joins the United Nations Global Compact**  
BayWa commits to upholding and promoting the 10 principles in the areas of human rights, labour standards, environmental protection and combating corruption.

# Strategy & Governance

BayWa's Sustainability Strategy, adopted in 2022, provides important new impetus – from sustainable procurement to a circular economy. The company attaches value to trusting relationships with customers, employees, investors and suppliers in accordance with its motto of “United for success.” BayWa applies the principles of good corporate governance and abides by ethical and legal principles. Sustainable Finance plays an important role, and BayWa has already made use of green financing instruments on multiple occasions.



## New in 2022

A **Strategic Sustainability Board** and **Operational Sustainability Board** were established. ↗



## AA rating

BayWa achieved an AA MSCI ESG rating in 2022. ↗



## 96%

of taxonomy-eligible revenue is also taxonomy aligned. ↗

# Sustainability approach



**Sustainable Solutions for Life** is the name of BayWa's Group strategy.



## Group strategy

BayWa has developed from a traditional trading company to a leading international group with regional ties in the business units of energy, agriculture and building materials. An efficient supply and logistics chain leads from the producer to the consumer. As a trusting partner of its customers and stakeholders, BayWa wishes to develop with a stronger focus on “sustainable solutions for life” in the future.

This involves sustainable products and solutions for people's basic needs of food, housing, energy, heating and mobility. The Group pursues clear target criteria for solid and profitable growth. In line with its cooperative roots, for BayWa sustainability means taking corporate responsibility for the common good and the interests of future generations, driving standards forward and at the same time remaining adaptable to new circumstances, and shaping challenges and opportunities.

The shift of international political and economic power centres, climate change, the pandemic, new regulations, changing consumer habits and technological progress have a major influence on BayWa's business areas. The Group is positioning itself securely for the future with ongoing initiatives on operational excellence, decisive digitalisation offensives, new and diversified business models and early-stage investments in international growth fields and start-ups. The Renewable Energies Segment already contributes significantly to BayWa's success. In the next few years, innovative sustainable solutions, including in the existing portfolio and in the value chain, will have an even stronger influence on the Group's net result and thus also impact the Sustainability Strategy's targets. In the future, sustainability is going to play an even more important role, across all the segments, in developing our business models, in investment decisions and thus also in products and solutions.

## Global challenges

Food, housing, heat, energy and mobility: As a utility, BayWa has always contributed to meeting human needs. But these basic needs can only be met in the long term if they are in harmony with the environment and human rights – global challenges such as climate change or loss of biodiversity not only significantly harm the basis for life but also BayWa's business. At the same time, BayWa's global operations mean it has a major impact on sustainable development and opportunities to influence it. BayWa is aware of this responsibility and therefore aims to develop sustainable solutions along the entire value chain. It dedicates itself to this task with conviction – in the full knowledge that major challenges need to be mastered here. For BayWa, doing business responsibly means it will be fit for the future and at the same time offers business and growth opportunities.

## Sustainability strategy

To meet global challenges, BayWa developed a new sustainability strategy in 2021 that builds on and further develops its previous strategy in this area. It was adopted by the Board of Management in spring 2022. The strategy sets the Group's strategic direction on the topic of sustainability for the next ten years. When developing the strategy, the Group took current legal and societal developments and the expectations and requirements of various stakeholders, such as customers and investors, into account.

The sustainability strategy is based on four action areas: Value Creation, Environment & Climate, Employees and Society (see graphic p. 11 ). Each action area is underpinned by relevant core topics and strategic objectives. The strategy builds on the previous sustainability strategy and also provides important new impetus: Core topics such as sustainable products and solutions, sustainable procurement, climate and energy, circular economy, ecosystems, biodiversity and water indicate BayWa's strategic direction on the topic of sustainability. Measurable targets and measures have already been developed on some core topics and will be developed for others in the future. Information on the status quo can be found in the chapters of this Sustainability Report, which is structured based on strategy.

## Value Creation

- Sustainable procurement
- Sustainable products and solutions
- Product responsibility
- Circular economy

## Society

- Actively shaping sustainability
- Raising awareness of sustainable living



## Environment & Climate

- Climate & energy
- Ecosystems & biodiversity
- Water

## Employees

- Culture of sustainability
- Workplace health & safety
- Inclusion & diversity
- Learning & development
- Remuneration & incentives

### The BayWa sustainability strategy’s four action areas have the following overarching objectives:

#### Value Creation

BayWa lives its responsibility for sustainability throughout the value chain. It wants to ensure responsible procurement and protect human rights and the environment in its supply chains. Its innovative products and services and comprehensive range of consultancy services and solutions support customers and partners in successfully implementing the requirements for doing business sustainably – environmentally, socially and economically. BayWa also wants to make its product portfolio sustainable and promote the transition to a circular economy.

#### Environment & Climate

BayWa wants to help create a healthy planet by reducing its greenhouse gas emissions, conserving resources and acting in a way that protects the environment and biodiversity.

#### Employees

BayWa creates a working environment for its employees that is respectful and diverse and actively promotes good, healthy and safe working conditions. BayWa helps and enables its employees to acquire and develop skills and expertise that equip them for working in a networked and sustainable economic world.

#### Society

BayWa actively plays a role in shaping the transition to a sustainable society by acting transparently, promoting networking opportunities and championing forward-looking ideas and topics. It shares its knowledge and strengthens society’s awareness of sustainable living through education projects.

BayWa's sustainability strategy forms the umbrella for the BayWa Group's sustainability activities. The Renewable Energies, Global Produce and Cefetra Group Segments have additionally brought together their sustainability work in their own approaches. In these, they respond to regional expectations and their key business-specific challenges.

The **Renewable Energies Segment** (under the umbrella of BayWa r.e.) brings together and structures its sustainability strategy in the BayWa r.e. Sustainability Framework 2025. The sustainability goals stipulated there are based on BayWa's sustainability strategy and aligned with the United Nations Sustainable Development Goals (SDGs). Prioritised topics include the environmental and social impact of the supply chain and the planning and development of solar parks and wind farms. BayWa r.e. places considerable emphasis on involving employees in the implementation of the sustainability strategy. BayWa r.e. has published a separate [Sustainability Report](#) since the 2021 reporting period.

In 2021 and 2022, the **Global Produce Segment** specifically developed a sustainability strategy for fruit trading activities that is also oriented on the Group-wide sustainability strategy. The relevant social, product-specific and environmental sustainability aspects are addressed along the three pillars of people, produce and planet. These include activities in the areas of climate change, diversity and workplace safety in the Group and the promotion of sustainability aspects in production and along the supply chains. Furthermore, T&G Global, a company owned by Global Produce, publishes a separate annual sustainability report within its [annual report](#).

The **Cefetra Group Segment** trades in raw materials and other agricultural products internationally and has industry-specific effects in the field of sustainability. To tackle these challenges, the Cefetra Group is primarily working on making its supply chains more sustainable. The overall motto for Cefetra's sustainability activities is: "towards transparent, traceable, sustainable supply chains together".



## T&G Global uses green financing instrument

BayWa has used a number of green financing instruments already in recent years. During the reporting period, T&G Global, a subsidiary of BayWa Global Produce, took an important step towards sustainability and signed off on the first "sustainability-linked loan" in New Zealand's commercial horticulture sector. As part of this NZ\$180 million loan with a term of three years, T&G Global has committed to setting a science-based greenhouse gas reduction target. The New Zealand subsidiary has also promised to develop and implement a comprehensive plan for adapting to the impacts of climate change. On top of that, T&G Global has committed to creating permanent jobs that promote regional development.

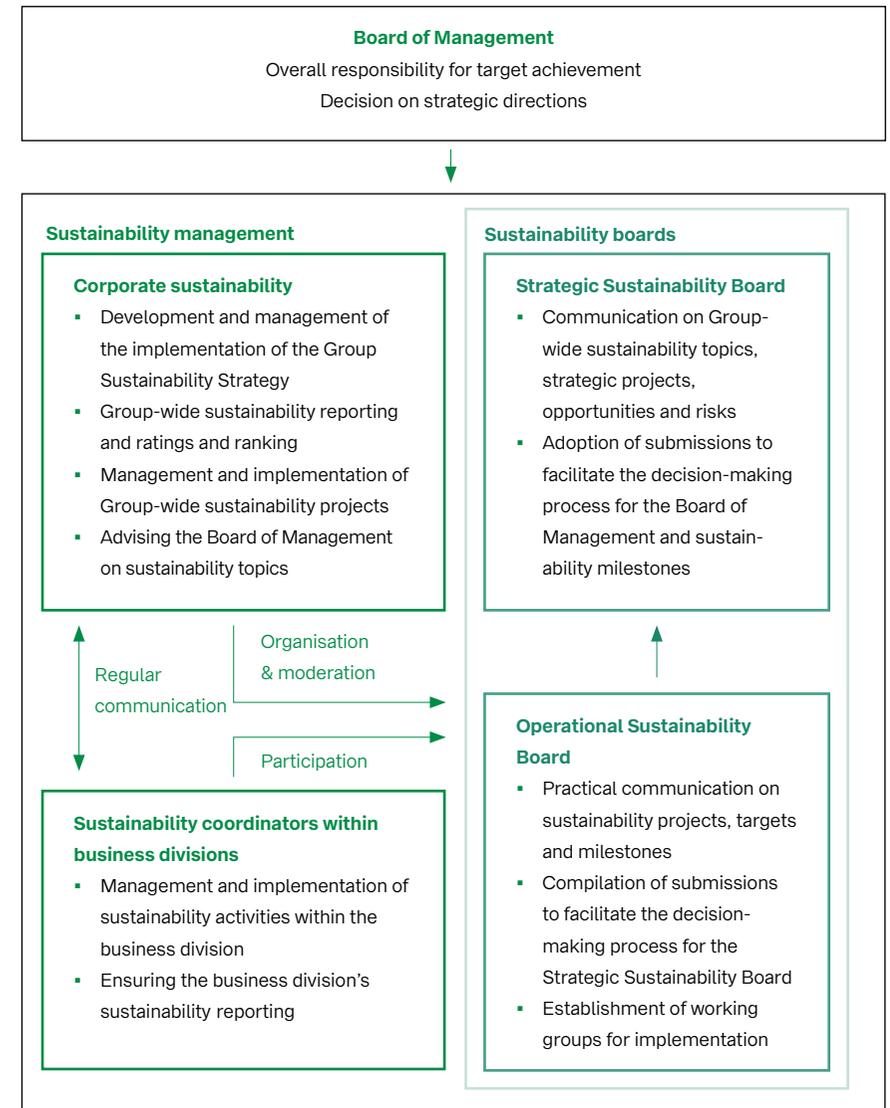
### Sustainability organisation within the Group

[ The BayWa Board of Management has overall responsibility for sustainability for the Group. BayWa AG’s Corporate Sustainability division reports directly to the Chief Executive Officer, constantly develops the topic in line with stakeholder and shareholder requirements and is responsible for implementing the sustainability strategy and Group-wide sustainability reporting. Corporate Sustainability is a provider of ideas for the Board of Management, the operational business divisions and the Group functions. The division works with the sustainability coordinators on shaping and implementing the Group’s sustainability targets. Corporate Sustainability provides guidelines and determines the general conditions for all sustainability-related activities across the Group. Under the sustainability strategy, the division is responsible for implementing the Group-wide climate strategy and identifying corresponding measures based on it. The division is supported by two boards which replaced the Sustainability Steering Committee during the 2022 reporting period. A Corporate Sustainability representative chairs each board (see illustration):

- **Strategic Sustainability Board:** Comprises Corporate Sustainability, the heads of the Group segments and the relevant Group functions. It meets up to two times a year.
- **Operational Sustainability Board:** Comprises Corporate Sustainability as well as the sustainability coordinators in the Group segments and Corporate Social Compliance, Corporate Risk and Corporate Governance. It meets up to two times a year.

The Board of Management provides information on sustainability topics to the **Supervisory Board** in several meetings a year, and no less than every six months. The Corporate Sustainability department supports the Board of Management here. Reports are provided to the Board of Management every quarter at a minimum. ] ✓

### Organisational structure of sustainability in the BayWa Group



### Material topics

[ In 2021, the materiality analysis was updated on the basis of the materiality analysis from 2019. In the 2019 analysis, BayWa oriented itself on the United Nations Sustainable Development Goals (SDGs) and assessed the relevance of the SDG business themes for the Group. The updated materiality analysis also meets the requirements of the German CSR Directive Implementation Act (CSR-RUG) and is partially aligned with the Global Reporting Initiative (GRI) standards. The materiality analysis did not make an explicit difference between potential and actual or negative and positive impacts. The currency of the material topics was reviewed in 2022, and they remain applicable.

In 2019, BayWa specifically assessed its material topics relating to the contribution it can make to achieving the SDGs and analysed the business risks and opportunities that arise for the Group in relation to this. In an initial assessment of 89 of the SDG business themes, 20 were identified that were characterised by exceptional relevance for BayWa. With the help of an external moderator, these 20 themes were then discussed in the sustainability steering committee and assessed in terms of their risks and opportunities and potential negative impacts on non-financial aspects in accordance with the German CSR Directive Implementation Act (CSR-RUG). BayWa also sought the perspectives of its stakeholders (employees, suppliers, customers, investors) with an online questionnaire.

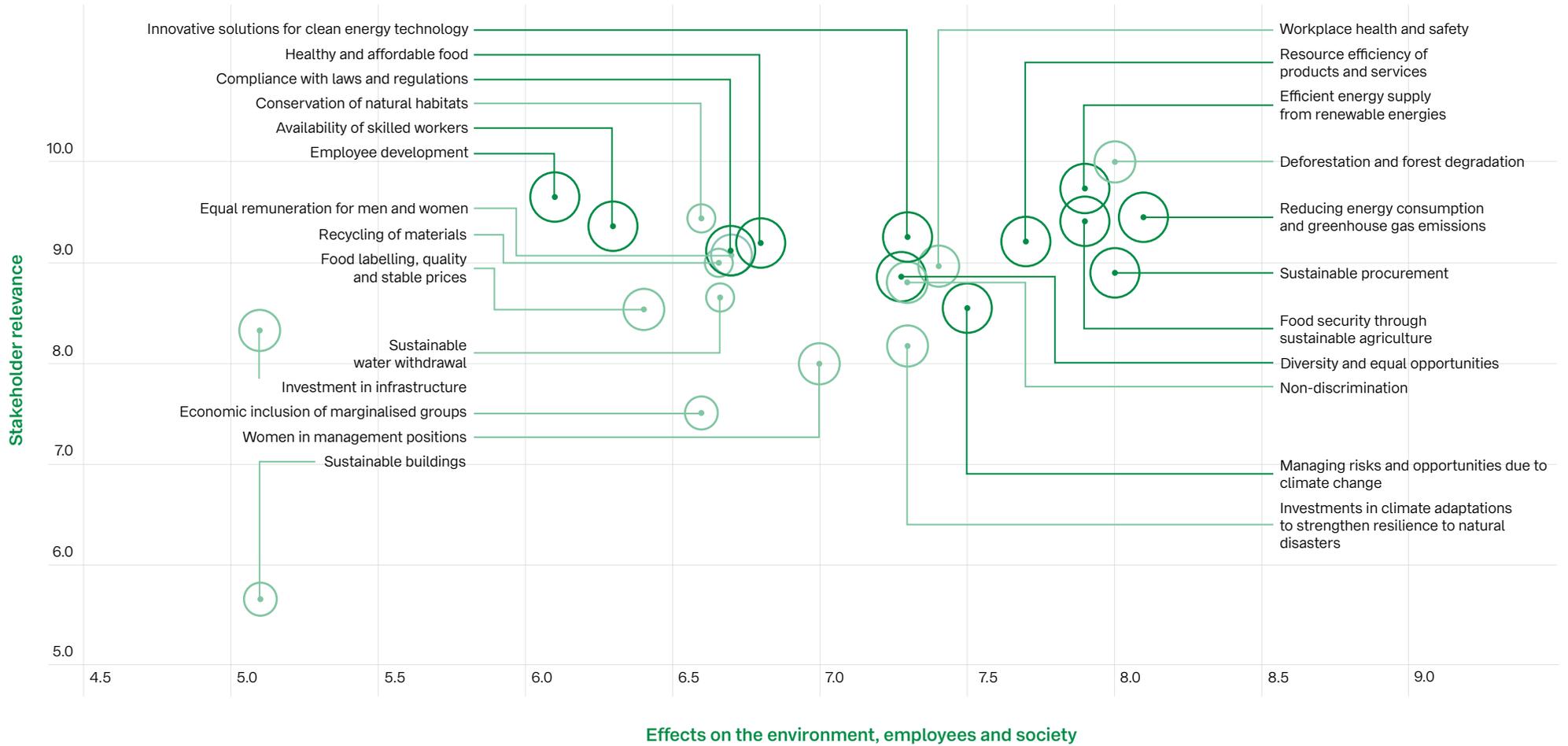
BayWa updated its selection and assessment of the themes as part of an internal workshop in 2021. The following SDG business themes were added owing to their increased relevance for BayWa: “women in management positions”, “deforestation and forest degradation”, “sustainable buildings”, “sustainable water withdrawal” and “recycling of materials”. The theme of “investment in infrastructure” will in future be allocated to SDG 7 “affordable and clean energy”. The newly added themes were evaluated for classification using the same method as in the 2019 materiality analysis. The findings are presented on [page 15](#)  and form the basis for BayWa’s sustainability reporting. ] 



### Plant-based protein supply

Demand for vegetarian and vegan products is growing rapidly. With its New Protein Solutions business entity, BayWa is helping to ensure a sustainable supply of protein for the future. The company published a qualitative study entitled [Future Report 2022](#)  during the reporting period. In it, the company examines the market potential and customer demand for alternative protein sources. The report analyses and evaluates the market- and consumer-driven transition from animal-based protein sources to animal-free alternatives. The aim of the report is to reveal the current status quo and deliver an outlook on the food market of the future.

### Results of the materiality analysis



Level of business relevance

Significant business relevance <sup>1</sup>

<sup>1</sup> A significance threshold was introduced to focus management.



### Implementation of the German CSR Directive Implementation Act (CSR-RUG)

[ For 2022, BayWa AG has again prepared a combined separate non-financial report within this Sustainability Report in accordance with Sections 289b para. 3 and 315b para. 3, by means of which it complies with its obligation to disclose non-financial information pursuant to the German CSR Directive Implementation Act (CSR-RUG) in accordance with Sections 315 in conjunction with 289c to 289e of the German Commercial Code (HGB). The content of the non-financial report comprises a description of management concepts for the five non-financial aspects of “environmental matters”, “employee matters”, “social matters”, “respecting human rights” and “combating corruption and bribery”. Twelve material SDG business themes, which were determined as part of the materiality analysis and are characterised by their particularly high relevance for BayWa’s business, are allocated to these aspects. The overview on page 17 shows the material SDG business themes, the corresponding aspects and areas and the significant performance indicators defined. These

sections were subject to a limited-assurance review by PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft and have been shown in green square brackets [ ... ] with a green tick ✓ at the end of the closing bracket. ] ✓

The annual reporting pursuant to the GRI standards is also geared to the material SDG business themes. According to the GRI definition, the topics Reducing energy consumption and greenhouse gas emissions, Sustainable procurement, Deforestation and forest degradation, Efficient energy supply from renewable energies, Food security through sustainable agriculture, Resource efficiency of products and services, and Managing risks and opportunities due to climate change are classified as material. A list of material topics of the GRI standards can be found in the GRI content index starting on [page 113](#) 📖 of this report.



SDG	Themes with significant importance for understanding the Group's business performance, business results and situation plus impacts on the aspects pursuant to the German CSR Directive Implementation Act (CSR-RUG)	Aspects pursuant to the German CSR Directive Implementation Act (CSR-RUG)	Corresponding areas (report chapter)	Significant performance indicators	References to content in the Sustainability Report
	Reducing energy consumption and GHG emissions	Environmental matters	Energy and emissions	Energy consumption GHG emissions (Scope 1 + 2)	Framework used p. 107; business model pp. 4/5; process and findings of the identification of reportable aspects and risks pp. 14–17 and p. 22 Management concept pp. 73–78 and significant performance indicator identified p. 77
	Managing risks and opportunities due to climate change Innovative solutions for clean energy technology Efficient energy supply from renewable energies	Environmental matters	Opportunity and risk management Energy and emissions, products and solutions Energy and emissions	– Renewable energy generation capacity Electricity from renewable energies	Management concept pp. 73–78 and significant performance indicator identified p. 78 Management concept pp. 22–25
	Resource efficiency of products and services Sustainable procurement	Environmental matters Respect for human rights, environmental matters, social matters	Products and solutions Human rights due diligence, procurement	– –	Management concept pp. 46/47, 73–77 and significant performance indicator identified p. 75 Management concept pp. 73–78 and significant performance indicator identified p. 75 Management concept pp. 45–64
	Food security through sustainable agriculture Healthy and affordable food	Social matters	Products and solutions	–	Management concept pp. 50–62
	Diversity and equal opportunities	Employee matters	Inclusion and diversity	Proportion of women in management positions	Management concept pp. 93–96 and significant performance indicator identified p. 96
	Availability of skilled workers Employee development	Employee matters	Learning and development	Training hours per employee	Management concept pp. 97/98 and significant performance indicator identified p. 98
	Compliance with laws and regulations	Combating corruption and bribery	Compliance	Number of employees trained	Management concept pp. 26–28 and significant performance indicator identified p. 28

# “We can change many things for the better.”

Marcus Pöllinger, Chief Executive Officer of the BayWa Group since April 2023, on the company’s milestones and opportunities in relation to sustainability.

## BayWa was founded 100 years ago.

### How has BayWa managed to achieve long-term success?

**Marcus Pöllinger:** Although BayWa was a public company right from the start, its roots are in cooperatives and the values that accompany them. These values are long-term by nature. Much of what we associate with sustainability today can be found in the values of a cooperative, for example partnership, solidarity, fairness and responsibility. We have stood for these principles for 100 years, which helps us to have trusting relationships in times of crisis – whether that be with customers or with employees.



**Marcus Pöllinger**  
Chief Executive Officer  
of the BayWa Group

## What have been important milestones in the company’s history for developing sustainability at BayWa?

**Marcus Pöllinger:** It is nigh-on impossible to pick out individual steps and decisions out of the many important ones that have been taken over the last century. Let me put it like this: BayWa has developed from an agricultural trading company to a partner for the agriculture, energy and construction sectors by bringing great amounts of innovation to the market: from the tractor that replaced the horse to agrivoltaics and satellite technology. Our entry into renewable energies was an enormously important step for us and the Group as a whole profits from it.

BayWa r.e. is a key generator of income and also has immense symbolic value. With it, we are at the front of the pack in shaping a climate-friendly future. Importantly, I would like to highlight the Internal Carbon Price that we introduced across the Group in early 2023 as part of our climate strategy, with an aim of integrating climate protection into our internal processes even more firmly.

#### What role does sustainability play in the Group strategy?

**Marcus Pöllinger:** In the current era, it is more essential than ever that a Group strategy integrates sustainability consistently. This is due to the requirements that customers, whether private or commercial, impose as well as the regulations that are increasingly demanding sustainable business practices. An employer's position on sustainability also has a growing role in the recruitment of employees, and I personally believe that this is not limited to Generation Z.

#### How are sustainability and climate change altering BayWa's business models?

**Marcus Pöllinger:** We don't have to make any abrupt changes, since we have long followed this path out of inner conviction. We keep pace with the markets and remain side by side with our customers. I will make sure that we keep the lead that we have over our competitors in many fields. Climate change has impacts on our business models in a variety of ways, for example in the agricultural division. Here we are banking on innovation, such as with smart farming solutions. In the construction sector, sustainability is just as much a commitment for us as it is a business opportunity. We are the leading vendor in Germany for data transparency surrounding the environmental footprint that building materials have. Consequently, we can calculate the carbon footprint of a construction project for investors and clients during the planning stage, helping them to choose their construction products sustainably.

#### What do you believe will be BayWa's biggest challenges for sustainability in the future? What will offer the greatest potential?

**Marcus Pöllinger:** There is no easy answer to the future challenges. The war in Ukraine has shown us how quickly supply conditions and macroeconomic environments can change, and by extension attitudes towards issues such as nuclear power. The journey to sustainability is a mammoth undertaking for society, politics and the economy. It is a journey that is made up of many small steps from day to day. The small contributions that our customers and we can make together also carry weight in my opinion. This is simultaneously what offers the greatest potential: convincing our customers to become more sustainable in all dimensions with our products and solutions and, therefore, adding value.

#### Why is it so important for BayWa to drive the transformation to sustainability?

**Marcus Pöllinger:** All companies need to change continuously with the times, so do we. That includes us, too. For BayWa, this ongoing development is important because we offer solutions for people's basic needs: food, housing and energy. We can change many things for the better, and this is an ability that we wish to leverage and use.

#### As the new Chief Executive Officer, what about sustainability is particularly important to you?

**Marcus Pöllinger:** I have worked for BayWa for 15 years, so my attitude and motivation have not changed by being appointed as CEO. I do feel the special responsibility that comes with this position, of course, especially for the Group's direction in relation to sustainability. I wish to fulfil this responsibility. At BayWa, we are going to keep pushing ahead on this topic in a visible way.

# Governance and compliance

## Good corporate governance

BayWa regards acting with integrity and in compliance with the law as a prerequisite for long-term economic success. With respect to good corporate governance, the Group is guided by the recommendations of the German Corporate Governance Code (GCGC), among others. BayWa publishes information on the Group's management and supervision structure and other areas of corporate governance in the [Corporate Governance Report](#).



**What does being united mean for BayWa?**

[Learn more here.](#)

### Binding values

As a company with cooperative roots, responsible and sustainable action has always been instrumental at BayWa. Through its [brand concept](#), the Group communicates what it stands for to employees, customers, the capital market and the general public: trust, solidity and innovation. BayWa expresses the core element of its brand through the claim "United for success." After all, BayWa can only act responsibly if it embraces unity on social, environmental and economic targets. Specifically, being united at BayWa means:

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

The [Code of Conduct](#) constitutes BayWa's system of values and is mandatory for all affiliated companies in Germany and abroad. The Group companies are allowed to develop additional principles of conduct, but must not fall short of the BayWa Code of Conduct's minimum standards here. [RWA AG](#), [BayWa r.e.](#), [Cefetra Group](#) and [T&G Global](#) do this with their own codes of conduct.

The BayWa Code of Conduct applies equally to members of the Board of Management, managers and employees, irrespective of organisational unit, region or hierarchy level – and imposes a requirement for them to act with integrity, ethically and in full compliance with the law towards suppliers, customers, colleagues and society. It combines the key regulations and principles for general business conduct and covers topics including legal compliance, upholding human rights, the whistleblower system, data protection and confidentiality.

### 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 supervisory structure. By cooperating closely, the two boards ensure long-term added value.

The BayWa Group's **Board of Management**, chaired by Prof. Klaus Josef Lutz, consisted of four members as at 31 December 2022. The Board of Management is independently responsible for leading the company in the company's interest, developing the strategic direction, which also means addressing the topic of sustainability; coordinating this with the Supervisory Board and ensuring that it is implemented. The BayWa Group's Board of Management is also responsible for risk management, including the risks and opportunities for the company that are associated with sustainability-related matters (social and environmental factors), and compliance. It meets at least once a month. Chief Executive Officer Prof. Klaus Josef Lutz, after 15 years in his position, is handing over operational management of the BayWa Group to his successor Marcus Pöllinger with effect from 31 March 2023; the latter will take over the role of Chief Executive Officer on the Board of Management as of 1 April 2023. The Supervisory Board is also appointing Dr. Marlen Wienert to the Board of Management with effect from 1 April 2023. For the BayWa Group, a publicly listed stock corporation (Aktiengesellschaft) subject to codetermination through equal representation of shareholders and employees on the Supervisory Board, the Second Management Positions Act requires a minimum of one woman on executive boards with more than three members. BayWa has met this requirement by appointing Dr. Marlen Wienert to the Board of Management.

The BayWa Group **Supervisory Board** comprised 16 members as of 31 December 2022. It supervises the management of the company and appoints the members of the Board of Management. As the company's topmost governance body, it supervises and advises the Board of Management on its leadership, including in relation to the company's sustainability issues. It also decides on actions that are taken by the Group and are subject to approval. In accordance with the German Codetermination Act (MitbestG), the Supervisory Board has an equal number of shareholder and employee representatives. 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. Simultaneously, care is taken when appointing members to the BayWa Supervisory Board to make sure that differing educational backgrounds and nationalities are considered. BayWa AG is a publicly listed stock corporation (Aktiengesellschaft) subject to codetermination through equal representation of shareholders and employees on the supervisory board. The statutory regulation provides for a fixed gender quota of 30% on the supervisory board of such companies. BayWa meets this quota.

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

### Remuneration and exclusion of 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 particularly include any that could occur due to consultancy or board functions performed for customers or business partners. No acting members of BayWa AG's Board of Management belong to the Supervisory Board.

The remuneration system for the Board of Management, including key contractual components, is reviewed by the Supervisory Board once a year. The Supervisory Board pays particular attention to the target total remuneration being typical for the market and draws on the advice of an independent remuneration expert. The target total remuneration represents the sum of all remuneration elements, with 100% achievement of the predefined targets being assumed for the variable remuneration elements. The Supervisory Board utilizes a horizontal comparison as well as a vertical one to assess if the target total remuneration is typical for the market. Moreover, the Supervisory Board has taken into account not only the commercial situation and market environment, but also the success and future prospects of the company and paid particular attention to the target total remuneration being typical for the market. The sustainability targets were not yet a direct element of the Board of Management's remuneration during the reporting period. This is planned for 2023. In 2022, total remuneration for the Board of Management amounted to €17.1 million (2021: €9.5 million). The remuneration of Supervisory Board members is based on their responsibilities and the scope of their tasks. In 2022, total remuneration for the Supervisory Board amounted to €1.4 million (2021: €1.1 million). In accordance with Section 162 of the German Stock Corporation Act (AktG), the [Remuneration Report](#) explains the remuneration of the current and former members of the Board of Management and Supervisory Board, taking into account the principles and recommendations of the German Corporate Governance Code (GCGC) and the amendments to the AktG (pursuant to ARUG II) during the 2022 financial year.

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 improve their qualifications by regularly taking part in conferences and symposia.

## Opportunity and risk management

The management of opportunities and risks is an ongoing area of entrepreneurial activity, which is necessary to ensure the sustained 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. BayWa is also bound by law to regularly use certain instruments for risk management.

[ The Executive Board is responsible for handling environmental and social risks and opportunities as well as for the company's duty of care to the environment and society. In addition, the Corporate Sustainability department informs the entire Board of Management on current sustainability topics and developments as required.

The risk management system is monitored and managed by a Risk Board, which is headed by the CEO. The Risk Board discusses and assesses all segments' and subsidiaries' operational opportunities and risks. It monitors business development at least once each month on the basis of Group-wide financial data, and every quarter in the form of a comprehensive business review. Extraordinary risks are discussed and assessed as necessary at ad hoc Risk Board meetings. The sustainability-related risks are also presented and discussed within the Risk Board.

An Agricultural Risk Committee meets at least quarterly as part of the Board of Management meeting. It is responsible for trading activities with agricultural raw materials and energy in the BayWa Group. The Board of Management is informed about short- and medium term climate-related risks in agricultural and energy production and about general market risks and decides on risk management and risk limitation measures as necessary. The Corporate Controlling department prepares a risk management report each year on the basis of the German Act on Control and Transparency in Business (KonTraG). Risk officers, who identify, assess and report operational risks, are employed for each division of the Group.

In 2021, a process for integrating sustainability risks into the risk management system was started. The Corporate Risk, Corporate Sustainability and Corporate Controlling departments work cross-divisionally on integrating sustainability topics into the risk management system. In the course of updating the risk management report in 2021, climate-related risks were systematically identified and presented in the risk management system for the first time. Guidelines and a methodology for a uniform, Group-wide assessment standard based on the TCFD recommendations were developed during the 2022 financial year. The risk officers identify, assess and report on climate risks in their business divisions using them. Additional sustainability risks will be added to the methodology in the next few years.

Corporate Sustainability and Corporate Risk hold multiple training workshops with the risk officers each year and give them active support in the operational application of the methodology. These workshops will be refined over the coming years based on internal feedback sessions and application experiences, with the goal of establishing a professionally designed and user-friendly process. Furthermore, the methodology is reviewed and updated each year in line with changes to external reporting standards and regulations. Additionally, the risk officers are requested to disclose concrete measures for the reduction of sustainability risks. Potential opportunities resulting from them and any identified sustainability risks are analysed and then presented to the Strategic Sustainability Board.

When reviewing the twelve significant business issues (see p. 17 ) with regard to potential negative impacts on the environment, employees, society and human rights, BayWa came to the conclusion that the Group does not have any material risks with very likely serious consequences to report pursuant to Section 289c para. 3 of the German Commercial Code (HGB). Details on sustainability-related risks can be found in the Opportunity and Risk Report in the consolidated management report.] 

**TCFD recommendation report – climate-related opportunities and risks**

TCFD category	Sustainability Report	CDP Climate Change Questionnaire 2022
Governance	<a href="#">See “Strategy and Governance”, p. 23</a>	C1.1b, C1.2, C1.2a
Strategy	<a href="#">See “Strategy and Governance”, pp. 23/24</a>	C2.1a, C2.3, C2.3a, C2.4, C2.4a, C3.1, C3.2, C3.2a, C3.3, C3.4, C3.4a
Risk management	<a href="#">See “Strategy and Governance”, p. 25</a>	C2.1, C2.2, C2.2a
Metrics and targets	<a href="#">See “Strategy and Governance”, p. 25</a>	C4.1, C4.1a, C4.1b, C4.2, C4.2a, C4.2b, C6.1, C6.3, C6.5, C6.5a, C6.10 C9.1

The Task Force on Climate-Related Financial Disclosures (TCFD) has developed a framework for standardised climate-related risk and opportunity reporting by companies and has published recommendations for four areas: governance, strategy, risk management and metrics & targets. The content to be reported should enable market players, such as those in the financial sector, to compare climate-related data and information from different companies with each other.

By means of the TCFD reporting, BayWa creates transparency in the area of climate risk management and strategic planning and demonstrates its contribution to a climate-friendly future.

**1. TCFD recommendation: Governance**

As a globally active group operating with the business units of Energy, Agri Trade & Service and Building Materials, BayWa helps to shape the future of our world. The Chief Executive Officer has responsibility for climate-related topics within the Group; there are different bodies and responsibilities that manage sustainability-related topics operationally. Climate-related topics are an essential part of this ([see Sustainability approach sub-chapter](#)).

**2. TCFD recommendation: Strategy**

**Risks and opportunities identified**

The BayWa Group sees the assessment and identification of climate-related risks and opportunities as an important basis for developing its strategy and business activities. The detailed process for identifying, assessing and responding to climate-related risks and opportunities is described in more detail in the “risk management” section below.

The BayWa Group is exposed to a number of concrete climate-related risks in both the short and the long term but also sees a number of opportunities:

In the long term, BayWa expects rising operating costs due to climate change, increasing carbon prices and new laws on climate protection. Logistics in particular is affected by rising average temperatures. For example, there is a danger of supply bottlenecks due to low water in European rivers and a resulting shortage of shipping capacity. This may result in delayed deliveries and significantly higher freight prices. In addition to the impact on logistics, weather changes will lead to considerable risks in the procurement of agricultural products. In the short term, BayWa will be exposed to fluctuations in earnings each year for reasons including droughts or extreme frosts. In the long term, it expects a shortage of available agricultural raw materials such as wheat, grapes and apples due to changed climate conditions in certain regions. These crop failures in conjunction with lower global production quantities overall may increase price volatility and thus the BayWa Group’s market risk. The BayWa Group keeps an eye on the climate-related risks described and responds to these with appropriate measures. It is constantly improving its identification and management of climate-related risks.

While the BayWa Group faces transitory and chronic physical risks, there are simultaneously also opportunities on the horizon. They include, for example, the expansion and marketing of renewable energy sources, the development of low-emission goods and services in all business divisions and the marketing and usage of drought-resistant seed and planting material.



BayWa achieved an AA score for the MSCI ESG rating in 2022.

### Impact of physical climate risks on business strategy and financial planning

Climate-related risks and opportunities influence the BayWa Group's strategy in many different areas. Various strategic approaches have been developed for climate-related challenges in logistics, including creating optimum distribution structures in the Group network and achieving the resulting synergies, increasing diversification of the supply chain and reducing transportation and emissions through route optimisations.

The BayWa Group has a research and development strategy. This includes the area of smart farming with solutions for efficient agricultural production, for example needs-based fertilizer application based on satellite data. In addition, the modelling and forecasting of future earnings enables BayWa to react to any steady decline in production capacity as a result of climate change in good time.

The Agri Trade & Service business unit is highly dependent on the climate conditions and natural resources along its value chain. In the previous years, several workshops were held on the topic of climate-resilient farming with representatives from the Agriculture Segment. The aim was to identify physical climate risks in the BayWa Group and uncover new business and growth opportunities with the aid of a climate-related scenario analysis to ensure the Group's climate resilience in the Agri Trade & Service business unit in the long term as well. Only physical risks were considered initially because changing temperatures or precipitation patterns are seen as crucial for the agricultural sector. The IPCC RCP 4.5 scenario has been selected for a possible future climate pathway because suitable region-specific research findings already exist for this scenario. The working group identified six business scenarios using the physical risks identified. They provided important input during the reporting period for multiple workshops with the business divisions to develop the Group-wide methodology outlined above.

In addition to ad hoc measures in response to unforeseeable events, the Agri Trade & Service Segment works systematically on adapting its range of products and solutions to the expected developments and safeguarding its business activity for the long term. Changed climate conditions and the way scarce resources are used have a key role in this in particular. With its VariableRain irrigation system, BayWa enables targeted and site-adapted water usage and, in doing so, makes it possible to minimise the risk of lost income and failed harvests.

At its own sites, the BayWa Group uses its internal know-how in the field of renewable energies. Electricity generation capacity through the Group's own photovoltaic plants is being increased around the world. Moreover, electricity needs have been met by renewable energies across the Group since 2020 (see [Climate and energy sub-chapter](#) ) .

### 3. TCFD recommendation: Risk management

The BayWa Group is currently carrying out a holistic analysis of climate-related risk and opportunity categories and drivers. Multiple workshops were held during the reporting period based on the first systematic presentation of climate risks in 2021. BayWa developed a Group-specific sample risk catalogue for the above methodology based on the assessments and experience of its business divisions. This catalogue applies the TCFD risk categories.

Furthermore, the Group has put in place a continuous process for regularly updating risks and opportunities. The identification and assessment of climate risks within the BayWa Group and the response to them are all integrated into the multidisciplinary risk management process. Climate risks and measures are assessed once per year, with new time frames being introduced in 2022:

- Short term: 1–3 years, quantitative assessment
- Medium term: 3–10 years, qualitative assessment
- Long term: >10 years, qualitative assessment

The methodology for identifying and assessing climate risks comprises two climate scenarios based on the IPCC models; these scenarios must be reported on for the medium-term and long-term time frames:

- 2° heating by 2100: focus on transitory risks. The lower temperature increase in the 2°C scenario is attributable to stronger measures and regulations that pursue the goal of protecting the climate and environment.
- 4° heating by 2100: focus on physical risks. Minimal measures to protect the climate and environment are taken, which leads to greater physical impacts.

On BayWa AG's request, the subsidiaries and reporting business entities update their risk situation and risk assessment in a central risk database in the autumn of each year. The risk catalogue consists of 7 categories and 39 subcategories, and the 8 risk types recommended in the TCFD standard are included here.

The following parameters need to be defined for each individual risk: a subcategory of the risk catalogue, the probability of occurrence of the risk (0–100%) and the material financial impact (size of the loss) that occurrence of the corresponding individual risk would involve.

Climate-related risks can be named in every category. As explained above, the risk officers needed to report on additional climate risk time frames, scenarios and measures for risk identification in the 2022 reporting period, and this will be expanded to include further sustainability-related risks over the coming years. Group-wide departments provide technical support to the business entities. After submission of the risk assessment, the inputs are reviewed and a Group-wide risk report is prepared for the Supervisory Board.

Short-term and medium-term physical risks, such as El Niño or a drought in northern Europe, are identified and evaluated in weekly meetings of the trading, research and risk departments, and the results are used to draw up a game plan for the BayWa Group's trading activities.

### 4. TCFD recommendation: Metrics and targets

In 2018, the BayWa Group adopted a climate strategy with several targets for its Scope 1 and Scope 2 emissions. All the targets apply across the Group and refer to the base year 2017. Moreover, BayWa considers itself responsible for also recording and managing its material greenhouse gas emissions from the upstream and downstream value chain. Data collection is being steadily expanded, and a scope 3 target is planned to be defined in the future. (see [Climate and energy sub-chapter](#) ).

## Compliance

Compliance violations can have far-reaching consequences – for companies and for society. For example, corruption is a major obstacle to development. As a global trading company, the BayWa Group also operates in countries in which the risk of corruption and bribery is higher. The associated risks are poorer long-term business performance, possible criminal and civil proceedings, the erosion of the corporate culture and a badly tarnished reputation. That is why lawful conduct is essential for good corporate governance.

### Guiding principles, structures and processes

[ Corporate Compliance is responsible for the majority of the BayWa Group's Group companies and is headed by a chief compliance officer, who reports directly to the CEO. RWA AG has its own compliance management system (CMS) headed by a compliance officer. Since October 2022, BayWa r.e. AG has had its own CMS under the leadership of the Director of Compliance. The non-European companies of T&G Global Limited have their own CMS as well. The compliance organisations maintain close contact.

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

- Prevention of corruption
- Antitrust law
- Combating money laundering
- Customs and export control
- Ensuring data protection ] ✓

Compliance with regulations in these areas is ensured through policies, training workshops, guidance and internal investigations. Corporate Compliance and Corporate Audit work closely together in investigations. Compliance officers in the operating segments and the operating companies in which the Group has majority ownership provide support in the Group-wide implementation of the specifications and report to Corporate Compliance.

Customer concerns, comments and complaints that BayWa receives in person or by telephone, email, fax or post are forwarded to the competent department either directly or through a complaints management system. If employees suspect that something does not comply with the law, they can report this to Corporate Compliance. Corporate Compliance will look into the tip-off and take any necessary action. A trusted third party is also available to all employees of the German companies. BayWa Group employees and business partners can also submit reports through an anonymous whistleblower system. BayWa provides additional information about reports on its corporate website. All tip-offs are treated confidentially and in accordance with EU minimum standards on the protection of whistleblowers.

The Corporate Policy on information security requires an information security management system (ISMS) to be introduced at IT-relevant companies. BayWa AG's Operations IT has oriented itself on the international security standard ISO 27001 and operates an ISMS. The IT Security organisational unit, which is part of the Chief Information Officer (CIO) organisation "Corporate IT", will support the gradual introduction of an ISMS in further IT-relevant Group units over the next few years.

Corporate IT/IT Security’s activities focus on the preparation of Group-wide IT security guidelines, the performance of security reviews and audits at the companies, training and information courses for raising employee awareness and training security officers at the Group companies.

[ Corporate Audit performs Group-wide compliance audits in the specified audit fields. The RWA Group and T&G Global determine the focal points of audits in discussion with Corporate Audit. ]

**Objectives**

[ The principal objective is to raise Group employees’ awareness of compliance risks as part of a preventative approach. By doing this, BayWa plans to avert damage caused by compliance violations from the Group and increase the Group’s value over the long term. To this end, the objective is to continuously enhance existing systems in the areas of anti-corruption, antitrust law, the prevention of money laundering, customs/export controls, data protection and IT security. ]

In addition, the Group plans to gradually build up or expand ISMSs already in place or under development in the IT-relevant Group companies with the support of Corporate IT/IT Security.

**Compliance audit fields**

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

### Measures and results

[ The BayWa Group continually takes the following measures to further enhance its existing anti-corruption, antitrust, money laundering prevention, data protection and IT security systems: ]

Area	Measures
Anti-corruption, antitrust and money laundering prevention	[ Amendment of guidelines, instructions and guidance in line with the latest requirements and legal developments Adjustment of training concepts in accordance with legal developments Adjustment of required compliance measures in view of legal developments ] <input checked="" type="checkbox"/>
Data protection	Further development of the data protection management system (DMS) due to new legal requirements, such as with regard to the implementation of the Court of Justice of the European Union judgement of 16 July 2020 ("Schrems II") Inclusion of new companies in the structures of the data protection management system Inclusion of new companies in the existing online training offerings on data protection law and regular updates to the training content Ongoing reviews with regard to the implementation of data protection law requirements
IT security	Regular updates of training concepts Regular updates of guidelines Regular performance of IT risk analyses Adjustment or introduction of further processes within the scope of the ISMS



#### Inform. Train. Advise.

The three core elements of the compliance management system at BayWa.

[ In accordance with the three core elements of the compliance management system – “Inform. Train. Advise.” – BayWa creates a common understanding and raises awareness of compliance using targeted communication measures and on-site and online training. All relevant information, such as guidelines, is available on a dedicated intranet page. Compliance training is mandatory for managers and employees who have direct contact with customers, suppliers or competitors. The training focuses on issues such as antitrust law, anti-corruption, money laundering and data protection. ]

### Performance indicators and results

[ During the reporting year, a total of 566 employees (2021: 444) of the BayWa Group took part in on-site training on compliance, and 5,752 employees (2021: 7,544) took part in e-learning courses on compliance. The training covers the topics of antitrust law, anti-corruption and money laundering. All the relevant employees are trained with a training cycle of three years for on-site training and two years for e-learning. ]

In addition, in 2022 7,242 employees (2021: 5,495) took part in e-learning courses on the topic of data protection and 10,108 employees (2021: 10,139) took part in e-learning courses on the topic of IT security.

There were no significant breaches of laws or regulations found in the areas of anti-corruption, antitrust, money laundering prevention or data protection during the reporting period. Accordingly, there were no fines issued either.

[ In 2022, Corporate Audit conducted a total of 8 compliance audits at 82 companies and at 98 sites in the BayWa Group. In the compliance risk analysis conducted, no significant corruption or antitrust risks were found in the reporting period. ]

#### BayWa Group compliance training courses <sup>1</sup>



	2020	2021	2022
Participants in on-site compliance training courses <sup>2</sup>	468	444	566
Participants in compliance e-learning courses	5,375	7,544	5,752

1 The training cycle for on-site training courses is three years, for e-learning courses it is two years. For this reason, the information for 2022 is not directly comparable to the information for previous years.

2 Including virtual live training courses.



### Consolidated Financial Statements 2022

More information on the Group's tax positions is available here.

## Tax

### Guiding principles, structures and processes

BayWa's approach as a globally active company is to fully fulfil its social responsibilities and thus also its tax obligations in the local markets and countries in which it does business. As a result, there are no tax-driven models within the BayWa Group that aim solely to reduce tax liabilities independently of the operating business.

The Board of Management as a whole is responsible for meeting BayWa AG's tax obligations. Within the Board of Management, taxes are the remit of the CFO's department. Responsibility for the subsidiaries' tax obligations lies with their respective senior management. Operational implementation and monitoring are carried out by BayWa AG's tax department (Corporate Tax), the tax departments or tax advisers of the individual subsidiaries and the service centres. Checks are also performed as part of general risk management by Corporate Audit. BayWa reports at length on its current and deferred tax assets and liabilities in the Group as part of its audited Group reports in accordance with the International Financial Reporting Standards (IFRS).

The Code of Conduct always applies to the BayWa Group. In the code, the Group commits to respecting and complying with the applicable law and following internal regulations.

### Objectives

BayWa's guiding principle with regard to taxes is to comply in full with the applicable tax laws and regulations in the markets and jurisdictions in which it operates. The tax-relevant structures reflect the needs of the business activity in question, meaning that tax is declared and paid where the value creation takes place.

### Measures

The parent company is currently in the process of implementing a tax compliance management system (tax CMS), which in Germany is aligned with IDW PS 980. Using this instrument, the BayWa AG can meet its tax obligations in full, correctly and on time and therefore avoid or reduce tax risks.

Stakeholders' interests are taken into account through the risk-averse tax strategy, while the operational implementation of this strategy is also always aligned with protection of the company's assets. BayWa AG pursues transparent, regular communication with the tax authorities.

Tax-specific issues can be anonymously reported through the publicly accessible [whistleblower system](#), which is explained in more detail on [page 69](#). This system is intended to ensure the organisation's integrity with regard to tax.

### Results

Within the scope of its financial reporting in accordance with IFRS, BayWa AG reports at length on the Group's tax positions. BayWa AG complies with all national and international reporting regulations. As the ultimate parent company, it also submits country-by-country reports annually to the Federal Central Tax Office (Bundeszentralamt für Steuern). The figures for the 2022 reporting year were not available in an adequately prepared form by the editorial deadline. At this point, BayWa therefore refers to the country-by-country report for 2021 in order to provide full and transparent information on the BayWa Group's tax aspects. The country-by-country report for 2022 will be submitted to the Federal Central Tax Office (Bundeszentralamt für Steuern) in due time, no later than 31 December 2023.

### Excerpt from the BayWa Group's country-by-country report for 2021:

Measured in terms of sales revenue, the BayWa Group's main activities were concentrated within Europe (91.38%). In addition to further business activities in the USA (4.21%) and New Zealand (2.54%), the BayWa Group also operated companies with revenues of minor significance (€162 million) in the United Arab Emirates, Chile, China, Denmark, the Republic of Fiji, Greece, Hong Kong, India, Ireland, Japan, South Korea, Luxembourg, Malaysia, Nigeria, Peru, the Republic of the Philippines, Singapore, Slovenia, Taiwan, Tanzania, Ukraine, Vietnam and Zambia.

## The BayWa Group's country-by-country report for 2021

Country	Total revenues <sup>1</sup> in € million	Pre-tax profit/ loss <sup>2</sup> in € million	Income tax paid in the financial year <sup>3</sup> in € million	Income tax paid and accrued for this financial year during the financial year in € million	Stated capital <sup>4</sup> in € million	Retained earnings <sup>5</sup> in € million	Property, plant and equipment <sup>6</sup> in € million	Headcount
Australia	104.2	-7.9	0.6	0.3	20.8	-20.2	266.1	75
Austria	3,464.3	41.2	5.6	6.8	72.8	379.8	749.8	3,050
Belgium	131.6	3.1	1.0	0.0	0.7	4.6	7.5	27
Canada	58.4	-3.4	0.0	0.1	2.3	-14.2	50.8	96
Switzerland	148.9	9.3	0.2	0.9	0.1	22.0	44.1	44
Czech Republic	68.2	1.5	0.4	0.4	0.7	1.1	20.6	127
Germany	9,454.3	315.0	8.3	11.6	144.0	555.0	2,780.3	11,140
Spain	671.3	30.6	-2.5	6.5	0.8	10.3	183.6	118
France	121.1	15.7	6.4	1.0	0.5	25.9	69.2	195
UK	1,708.6	2.8	2.4	1.8	2.3	62.2	338.2	739
Croatia	71.2	0.3	0.7	0.0	4.1	0.1	25.7	92
Hungary	91.6	-0.9	0.1	0.2	0.8	-22.8	32.7	99
Italy	678.8	2.6	1.2	2.5	5.3	-12.2	175.6	269
Mexico	74.8	-5.4	0.5	0.6	0.0	14.4	30.3	88
Netherlands	3,648.2	28.8	10.3	10.4	5.1	84.2	598.8	649
New Zealand	582.4	109.0	3.9	9.8	302.4	258.3	255.2	1,610
Poland	304.7	9.7	1.1	0.9	5.4	-7.0	111.5	201
Romania	86.0	0.4	0.0	0.2	5.2	-1.4	13.5	82
Serbia	126.7	1.8	0.1	0.3	5.9	2.9	58.1	41
Slovakia	79.9	0.0	0.1	0.1	9.8	-0.2	46.3	122
Sweden	95.1	35.8	2.0	2.0	0.0	28.3	19.4	13
Thailand	46.8	3.5	0.7	0.7	2.8	5.7	15.1	76
USA	966.9	33.1	1.9	3.0	1,054.5	-4.9	1,009.0	373

1 The revenue includes both revenue from third parties and revenue from affiliated companies.

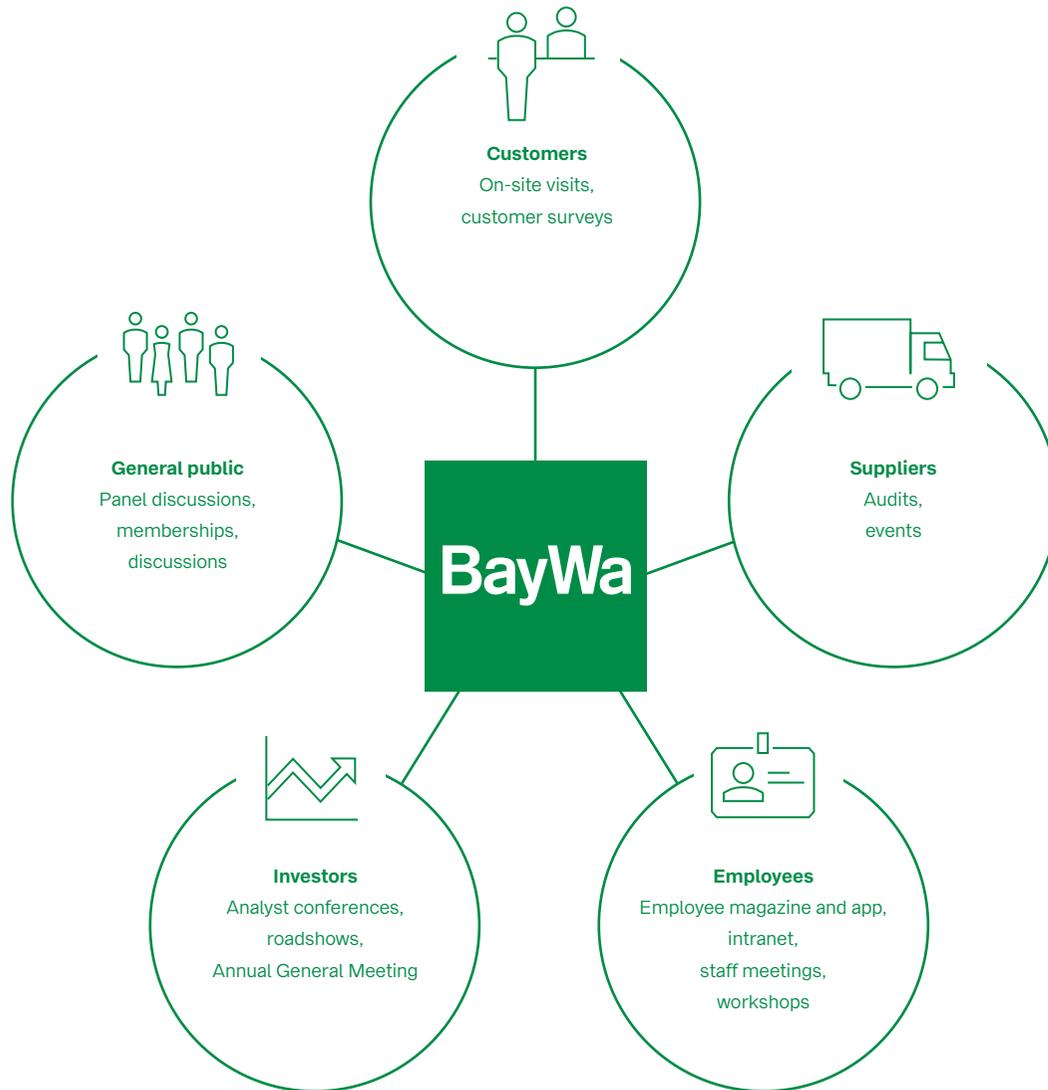
2 The pre-tax profit/loss is operating profit/loss plus net income from investments (though excluding dividends) and net interest income/expense.

3 Income tax paid in the financial year relates to income tax that was paid or received in the financial year. This may also include payments or refunds from previous years.

4 The stated capital relates to the share capital of the respective companies.

5 The retained earnings represents profit available for distribution

6 Property, plant and equipment includes property, buildings and technical equipment.



## Dialogue with stakeholders



For BayWa’s **customers**, regular visits on site, for example by sales staff, are the most important opportunity for contact. Customer satisfaction is regularly surveyed in the individual segments.



With **suppliers**, BayWa cultivates partnership-based and usually long-standing collaboration. Strategic communication takes place, for example, through annual supplier discussions. In Global Produce, fruit producers are informed about current topics such as quality requirements, handling processes and current market conditions at regular events, especially during the harvest season. The Cefetra Group is in regular dialogue with its suppliers about various sustainability certification schemes and associated audits, especially for soya. BayWa r.e. is in constant dialogue with its suppliers regarding the high quality requirements and sustainability in its supply chain.



BayWa informs its **employees** about current developments across the Group by means of the employee magazine and employee app and over the intranet – including with video messages from the CEO. One member of the Board of Management and the head of Corporate HR are always represented in the regular employee meetings convened by the Works Council. The Cefetra Group informs its employees of operational changes in this way four times a year. As part of the Sustainability Framework 2025, BayWa r.e. invites all employees to actively participate in the measures for achieving the sustainability goals and contribute new ideas, for example on whiteboard in the Group-wide intranet or by taking part in existing working groups. The internal Sustainability Lecture Series was continued, with lectures on the topics of sustainable project development and cultural diversity. BayWa AG’s employees can submit their ideas for improvement through the employee suggestion scheme. A total of 113 ideas were received in 2022 (2021: 101).



Listed companies are obliged to inform **investors** of the company's business development as comprehensively as possible, in a timely manner, and above all, to the same degree. This is done through mandatory publications and at analyst conferences, roadshows and the Annual General Meeting. For this reason, the Board of Management is closely involved with capital market communications. The Investor Relations department is responsible for regular dialogue with capital market investors.



In its dealings with the **general public**, the Board of Management's members took positions on current issues in talks and at panel discussions. Furthermore, BayWa is represented in some 150 associations, clubs and academic institutions, including for example Deutscher Raiffeisenverband e. V. (the German Raiffeisen Federation) and the Technical University of Munich. BayWa r.e. is working towards making the energy transition a success through its active participation in industry associations in many countries. Moreover, in activities such as the construction of wind turbines and free-standing solar parks, it relies on transparency and early-stage and intensive dialogue with local communities, authorities, citizens' organisations and conservation organisations. In line with compliance requirements in the respective countries, BayWa r.e. also pursues various approaches to financially involve communities and residents in the erection and operation of new renewable energy plants.

### Political dialogue

The political environment is important for the economy so that society's environmental and social goals can be achieved. Businesses such as BayWa operate within a legal framework that has a deciding influence on how economic activities may take place. It is in the public's interest to have a functioning framework that meets its goals while being feasible for the affected companies. BayWa offers its technical expertise for this in order to play its part in the political decision-making process and contribute to the legal conditions being practicable and financially feasible for the development of sustainable energy supply, agriculture and construction.

Its interests are represented by associations and organisations as well as in its own position papers and presentations. The BayWa AG has set up a department with four employees that is primarily focused on monitoring political activities and, in some cases, also seeks dialogue with lawmakers in order to represent interests in a targeted way – either jointly with trade associations or directly. This department reports to the Chief Executive Officer. BayWa r.e. has a corresponding department with two employees. BayWa adheres to the [EU Code of Conduct](#) in its political work and corresponding codes of conduct of the Bundestag (the German federal parliament) and Bavarian Landtag (state parliament).

Due to the variety of its business activities, BayWa is represented in many different associations. The lists for the BayWa AG can be viewed in the [Bundestag lobby register](#) and [EU transparency register](#). BayWa r.e. has its own entry in the [Bundestag lobby register](#).

The amount spent on party donations in the 2022 reporting period was €9,000 (2021: €23,540).

# EU taxonomy

## General principles

[ The EU plans to become the first climate-neutral continent by 2050. To achieve this goal, the European Commission has established a package of measures as part of its Sustainable Finance action plan, which aims to steer capital flows towards environmentally sustainable activities. Regulation (EU) 2020/852 (referred to below as the EU Taxonomy Regulation) was passed in 2020 for this purpose. It defines the business activities that can be labelled as environmentally sustainable. It also sets out the criteria that are used to classify business activities as environmentally sustainable. The aim behind the EU taxonomy is to classify business activities in accordance with their contribution to the EU's six environmental objectives so that capital is steered towards sustainable activities. The EU's six environmental objectives are:

1. Climate change mitigation
2. Climate change adaptation
3. Sustainable use and protection of water and marine resources
4. Transition to a circular economy
5. Pollution prevention and control
6. Protection and restoration of biodiversity and ecosystems

The Taxonomy Regulation distinguishes between “taxonomy-eligible” and “taxonomy-aligned” business activities.

- Activities are taxonomy eligible when they can be associated with a description from the Taxonomy Regulation, regardless of them meeting the technical screening criteria.
- Activities are taxonomy aligned when they meet the technical screening criteria for the relevant activities and therefore make a substantial contribution to one or more environmental objectives and also do no significant harm (“Do No Significant Harm” - DNSH) to any of the other environmental objectives while offering minimum safeguards.

The EU Taxonomy Regulation requires the disclosure of the share of a company's total turnover that comprises turnover derived from products or services associated with taxonomy-eligible and taxonomy-aligned economic activities. It also requires the disclosure of the share of capital expenditure (CapEx) and operating expenditure (OpEx) related to assets or processes associated with taxonomy-eligible or taxonomy-aligned economic activities. The reporting this year is based solely on the two environmental objectives that require reporting on: “climate change mitigation” and “climate change adaptation”. ] ✓

## Implementation at BayWa

[ In the previous year, BayWa already reported a selection of information on taxonomy alignment beyond the legal requirements. For instance, key performance indicators (KPIs) were disclosed for the entire Group, though not for each individual economic activity. BayWa began reviewing the taxonomy alignment of its economic activities (including CapEx and OpEx) in 2021. This financial year, the company is reporting on taxonomy eligibility and alignment to the full extent under Article 8 of the EU Taxonomy Regulation.

The climate legislation affects nine sectors that contribute to more than 90% of direct greenhouse gas emissions within Europe. The taxonomy specifications currently do not cover trading or sales activities. The EU has so far not defined any further criteria for the agricultural sector. The majority of BayWa's business activities therefore does not fall within the scope of the climate legislation and is consequently not taxonomy eligible. Commission Delegated Regulation (EU) 2022/1214 of 9 March 2022 (the Complementary Delegated Act), which is relevant for certain energy sectors, does not have any impact on BayWa. Accordingly, the templates that it mandates will not be published either. BayWa's low share of taxonomy-eligible turnover, CapEx and OpEx is therefore mainly attributable to the taxonomy's logic and does not conflict with BayWa's long-standing commitment to sustainability.

The taxonomy-eligible economic activities presented here are in the field of renewable energies in particular. This chiefly includes the operation of onshore wind farms as well as solar parks and solar systems. The economic activities reported in 2022 are the same as in 2021. Additionally, the BayWa fleet was able to be classified as taxonomy eligible this year (economic activity 6.5). BayWa’s transition of its fleet to alternative drive technologies is a key measure in its climate strategy. In just the parent company BayWa AG alone, the share of electric and hybrid vehicles is planned to be at least 20% by 2025 (see [Logistics and mobility section](#)). The classification of capital expenditure on the fleet as taxonomy eligible is made regardless of conventional or alternative drive technologies being used. The Group is endeavouring to disclose electric and hybrid vehicles as “taxonomy aligned”. However, adherence to the “do no significant harm” (DNSH) criteria cannot be demonstrated at the present point in time.

The following BayWa activities are defined as taxonomy eligible: ] ✓

1 Solely roof hooks are manufactured and sold. These installation systems are not components of a photovoltaic panel, but rather a standalone technology.

2 The term “manufacture” is not defined in the Taxonomy Regulation or the Commission Delegated Regulation, or in Annex I or II. However, the recitals of the Commission Delegated Regulation note that applicable EU laws should be drawn on for the interpretation of the Taxonomy Regulation and Commission Delegated Regulation (Commission Delegated Regulation 2021/2139 (margin no. 5)). This also aligns with the intended consistency in the interpretation of applicable EU laws. Various EU regulations and directives view an entity as a manufacturer when (1) it manufactures a product itself or arranges the manufacturing thereof, and (2) it sells products under its own name or brand. (For example, Construction Products Regulation 305/2011 Article 2 item 19; Product Safety Regulation 765/2008 Article 2 item 3; Product Liability Directive 85/374/EEC Article 3 Item 1.)

Taxonomy-eligible activity (number/name)	Description of the activity at BayWa	✓
3.1. Manufacture of renewable energy technologies	Manufacture of roof hooks for installing photovoltaic panels <sup>1</sup>	
3.5. Manufacture of energy efficiency equipment for buildings	Manufacture of thermal insulation products, external wall systems and energy-efficient doors <sup>2</sup>	
4.1. Electricity generation using solar photovoltaic technology	Construction and operation of solar parks and solar systems	
4.3. Electricity generation from wind power	Construction and operation of wind farms	
4.20. Cogeneration of heat/cool and power from bioenergy	Construction and operation of biomethane systems for generating electricity and heat	
4.24. Production of heat/cool from bioenergy	Construction and operation of biomass heating plants for generating heat	
6.15. Infrastructure enabling low-carbon road transport and public transport	Construction, modernisation, maintenance and operation of free-standing charging stations	
6.5. Transport by motorbikes, passenger cars and light commercial vehicles	Acquisition and leasing of company cars and service vehicles for the BayWa fleet	
7.1. Construction of new buildings	Project development/new-build construction	
7.3. Installation, maintenance and repair of energy efficiency equipment	Refurbishment and LED conversion for the purpose of increasing energy efficiency	
7.4. Installation, maintenance and repair of charging stations for electric vehicles in buildings (and parking spaces attached to buildings)	Construction, modernisation, maintenance and operation of charging stations on buildings or parking spaces attached to buildings	
7.6. Installation, maintenance and repair of renewable energy technologies	<ul style="list-style-type: none"> <li>▪ Operational management, including technical operational management, for solar parks and wind farms (on buildings)</li> <li>▪ Installation of PV systems on buildings and of solar panels for customers: integrated PV &amp; storage system solutions</li> <li>▪ Installation of solar thermal energy systems and provision of advice</li> </ul>	
8.2. Data-driven solutions for GHG emissions reductions	Development of smart solutions for calculating and reducing greenhouse gas emissions in the fields of agriculture and forestry	

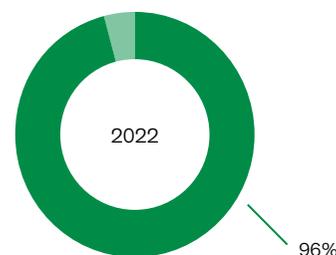
[ The activities all contribute to EU environmental objective 1. Climate Change Mitigation. An economic activity that contributes to EU environmental objective 2. Climate Change Adaptation was not identified. All taxonomy-eligible activities also meet the criteria for taxonomy alignment except for activities involving new-build construction (economic activity 7.1), cogeneration of heat and power from bioenergy (economic activity 4.20) and the fleet (economic activity 6.5). We also disclose the manufacture of energy-efficient doors (economic activity 3.5) as a merely taxonomy-eligible business activity, whereas the manufacture of heat insulation products and external wall systems under economic activity 3.5 are taxonomy-aligned business activities. ]

The following taxonomy-aligned and taxonomy-eligible turnover, CapEx and OpEx arise at the Group level for the 2022 reporting period:

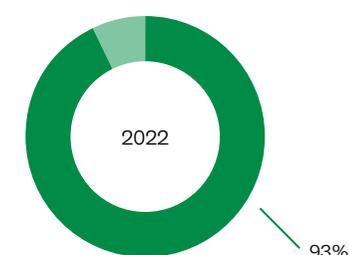
<input checked="" type="checkbox"/>	Total in € million	Taxonomy eligible	Taxonomy aligned
Turnover	27,061.8	4.8%	4.6%
CapEx	1,030.4	51.8%	48.2%
OpEx	125.1	16.6%	15.4%

The share of taxonomy-aligned turnover, CapEx and OpEx in the taxonomy-eligible turnover, CapEx and OpEx respectively is presented in the following diagrams:

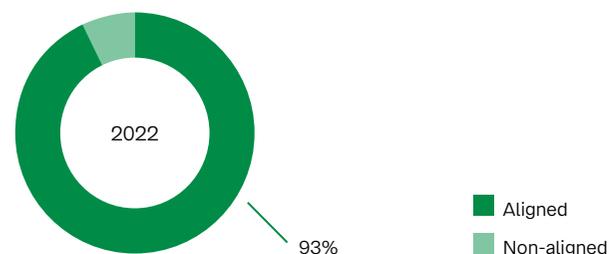
Taxonomy-eligible turnover



Taxonomy-eligible CapEx



Taxonomy-eligible OpEx



**Assessment of taxonomy alignment of taxonomy-eligible economic activities**

[ Back in the 2021 financial year, BayWa established a project to implement the EU taxonomy requirements in relation to EU environmental objectives 1. Climate Change Mitigation and 2. Climate Change Adaptation. The core team consists of representatives from the departments Corporate Sustainability, Corporate Accounting and Investor Relations. BayWa's business activities were first linked to the relevant taxonomy activities as part of an initial mapping process.

Following this, interviews and workshops were held with the relevant people responsible at the departments in the business divisions and at key subsidiaries. The aim behind the discussions was to analyse the business activities in these operations and assess if there were relevant economic activities (taxonomy eligible) and if the criteria and requirements defined for each of the activities were met (taxonomy aligned). The assessment of the individual business activities' taxonomy eligibility or alignment and the corresponding records and evidence were documented. This financial year, the project team checked if the economic activities' taxonomy eligibility and alignment was current.

The following approach was used for the analysis of taxonomy alignment:

- Assessment of substantial contribution:

Compliance with the corresponding taxonomy criteria was assessed individually for each of BayWa's taxonomy-eligible activities. Some activities make a substantial contribution to climate change mitigation just through the performance of the activity. This is the case for all of BayWa's taxonomy-aligned activities except for the construction and operation of biomass heating plants for generating heat (4.24), the development of smart farming solutions for agriculture (8.2) and the manufacture of thermal insulation products and external wall systems (3.5).

The following applies to this:

- 4.24: The biomass used in the cogeneration of heat and power and in heat generation meets the criteria under Directive (EU) 2018/2001. The reduction of greenhouse gas emissions achieved through the use of biomass in CHP systems comes to at least 80% based on the method for the reduction and the fossil fuel comparator provided in Annex VI of this directive.
- 8.2: BayWa's smart farming solutions aim to lower greenhouse gas emissions in agriculture and other domains by using data and analytics. The life cycle GHG emissions are calculated in accordance with the specifications under ISO 14064-2 2019. Using the solutions results in significant reductions of life cycle GHG emissions. The results have been reviewed by external third parties.

- 3.5: BayWa's thermal insulation products have a lambda value of less than 0.06 W/mK. Its external wall systems have a U-value of less than 0.5 W/m<sup>2</sup>K.
- Assessment of doing no significant harm (DNSH) to any of the other five EU environmental objectives:  
The following section explains which DNSH criteria apply to the economic activities identified as taxonomy eligible and how BayWa meets them. The criteria are predominantly the EU's directives and regulations, which are reflected in national law. The assessable DNSH criteria are not relevant to all taxonomy-eligible activities and therefore do not need to be evaluated.
- DNSH compliance in connection with EU environmental objective 2. Climate Change Adaptation is ensured through an assessment at the level of the business activity as well as through a Group-wide approach. BayWa proceeds as follows for this: All potentially taxonomy-aligned economic activities are assessed by experts to see if they are negatively impacted by physical climate risks (table in Appendix A Section II). The analysis is based on the climate scenario analysis of the IPCC "Interactive Atlas". This new tool forecasts climate risks at a regional level using the latest IPCC climate models. Using the IPCC Interactive Atlas, the climate hazards for the IPCC regions relevant to the economic activities are analysed in a short-term time period (2021–2040) for the concentration pathways RCP 2.6 and RCP 8.5. The period from 1850 to 1900 (the pre-industrial era) was chosen as a baseline, analogously to the IPCC report. Analysing the best-case scenario (RCP 2.6) and worst-case scenario (RCP 8.5) covers the full spectrum of climate risks. If impacts were found, an assessment was made and adaptation solutions identified in order to reduce the risk. No significant climate risks were mentioned in the results of the 2022 risk survey, which covers all sites affected by the business activity. Additionally, BayWa has integrated a survey of physical climate risks into its annual Group-wide risk management (see [Opportunity and risk management section](#) ).

- In relation to EU environmental objective 3. Sustainable Use and Protection of Water and Marine Resources, all risks of potential environmental damage in connection with the maintenance of water quality and prevention of water scarcity must be calculated and, if applicable, remedied for BayWa's taxonomy-eligible economic activities. These requirements are mainly fulfilled by implementing legal and official specifications.
- The DNSH criteria in connection with EU environmental objective 4. Transition to a Circular Economy consist mostly of general requirements such as long service life or simple installation or disassembly. These requirements are particularly relevant for the manufacture of installation systems for PV panels (3.1) or thermal insulation products and external wall systems (3.5) as well as for electricity generation using PV technologies (4.1) and wind power (4.3). The large majority of components is designed to have a very long service life, is recyclable and still has monetary value at the end of the component's service life. The DNSH 4 criteria for data-driven solutions for GHG emissions reductions (8.2) are based on statutory manufacturer obligations within the EU, which can be assumed to have been met.
- Compliance with statutory specifications represents the basis of the DNSH criteria for EU environmental objective 5. Pollution Prevention and Control. Pollution prevention and control can, to an extent, be safeguarded through compliance with statutory specifications. There are no indications at the present point in time that BayWa is in breach of relevant specifications.
- Compliance with requirements beyond the above, such as those arising from the European Commission's FAQ documents published in December 2022, is ensured through individual surveys on potential substances of concern. There are no indications at the present point in time that relevant substances are being produced, marketed or used.
- In relation to EU environmental objective 6. Protection and Restoration of Biodiversity and Ecosystems, BayWa carries out environmental impact assessments and comparable checks as part of its own business activity where there are legal requirements to do so.

- Assessment of minimum safeguards for human rights, corruption, tax and fair competition based on the OECD Guidelines for Multinational Enterprises and UN Guiding Principles on Business and Human Rights, including the basic principles and rights from the eight core conventions that are set out in the International Labour Organization's Declaration on Fundamental Principles and Rights at Work, and from the International Bill of Human Rights: For this, BayWa has implemented a Group-wide approach to ensure the minimum safeguards. The approach enables proper, complete adherence to these specifications (see [Protecting human rights section 58](#), [Workplace health and safety 58](#), [Compliance section 58](#)). Content regarding the minimum safeguards for EU taxonomy reporting was collected within the Group through an additional survey. Corporate Social Compliance coordinated the survey. Relevant departments such as Corporate Tax, Corporate Compliance and Corporate Sustainability were included and questioned about the information. ] ✓

### EU taxonomy KPIs

[ The reporting is done based on KPIs comprising taxonomy-eligible and taxonomy-aligned turnover, CapEx and OpEx, as defined in the taxonomy's specifications.

The relevant numerators for taxonomy-eligible or taxonomy-aligned turnover, CapEx and OpEx were successfully isolated by specifically surveying the entities in which relevant economic activities were identified. This meant that the risk of duplication was avoided.

BayWa discloses the following two ratios for this as well as the taxonomy-non-eligible activities, which make up a further KPI:

1. Taxonomy-eligible activities relative to the total values within the Group
2. Taxonomy-aligned activities relative to the total values within the Group

The following details regarding the BayWa Group's taxonomy-aligned activities was calculated for the 2022 reporting period: ] ✓

Turnover

Economic activity (1)	Code(s) (2)	Absolute turnover (3)	Share of turnover (4)	Criteria for a substantial contribution						Do no significant harm (DNSH) criteria										
				Climate change mitigation (5)	Climate change adaptation (6)	Water and marine resources (7)	Circular economy (8)	Pollution (9)	Biodiversity and ecosystems (10)	Climate change mitigation (11)	Climate change adaptation (12)	Water and marine resources (13)	Circular economy (14)	Pollution (15)	Biodiversity and ecosystems (16)	Minimum safeguards (17)	Taxonomy-aligned share of turnover FY 2022 (18)	Taxonomy-aligned share of turnover FY 2021 (19)	Category (enabling activities) (20)	Category (transitional activities) (21)
		in € million	%	%	%	%	%	%	%	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	%	E	T
<b>A. Taxonomy-eligible activities</b>																				
<b>A.1 Environmentally sustainable activities (taxonomy-aligned)</b>																				
Manufacture of renewable energy technologies	3.1	0.4	0.00	100	0	-	-	-	-	-	Y	Y	Y	Y	Y	Y	0.00	-	E	-
Manufacture of energy efficiency equipment for buildings	3.5	1.9	0.01	100	0	-	-	-	-	-	Y	Y	Y	Y	Y	Y	0.01	-	E	-
Electricity generation using solar photovoltaic technology	4.1	847.5	3.13	100	0	-	-	-	-	-	Y	-	Y	-	Y	Y	3.13	-	-	-
Electricity generation from wind power	4.3	250.9	0.93	100	-	-	-	-	-	-	Y	-	Y	-	Y	Y	0.93	-	-	-
Production of heat/cool from bioenergy	4.24	3.8	0.01	100	0	-	-	-	-	-	Y	Y	-	Y	Y	Y	0.01	-	-	-
Infrastructure enabling low-carbon road transport and public transport	6.15	9.6	0.04	100	0	-	-	-	-	-	Y	-	-	Y	-	Y	0.04	-	E	-
Installation, maintenance and repair of charging stations for electric vehicles in buildings (and parking spaces attached to buildings)	7.4	0.5	0.00	100	0	-	-	-	-	-	Y	-	-	-	-	Y	0.00	-	E	-
Installation, maintenance and repair of renewable energy technologies	7.6	119.0	0.44	100	0	-	-	-	-	-	Y	-	-	-	-	Y	0.44	-	E	-
Data-driven solutions for GHG emissions reductions	8.2	10.7	0.04	100	0	-	-	-	-	-	Y	-	-	-	-	Y	0.04	-	E	-
<b>Turnover from environmentally sustainable activities (taxonomy-aligned) (A.1)</b>		<b>1,244.4</b>	<b>4.60</b>	<b>100</b>	<b>0</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>4.60</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>A.2 Taxonomy-eligible activities, not environmentally sustainable (taxonomy-non-aligned activities)</b>																				
Manufacture of energy efficiency equipment for buildings	3.5	2.1	0.01																	
Cogeneration of heat/cool and power from bioenergy	4.20	25.3	0.09																	
Construction of new buildings	7.1	23.7	0.09																	
<b>Turnover from taxonomy-eligible activities, not environmentally sustainable (taxonomy-non-aligned activities) (A.2)</b>		<b>51.1</b>	<b>0.19</b>																	
<b>Total (A.1 + A.2)</b>		<b>1,295.5</b>	<b>4.79</b>																	
<b>B. Taxonomy-non-eligible activities</b>																				
Turnover from taxonomy-non-eligible activities (B)		25,766.3	95.21																	
<b>Total (A + B)</b>		<b>27,061.8</b>	<b>100.00</b>																	

**Operating expenditure (OpEx) ✓**

Economic activity (1)	Code(s) (2)	Absolute OpEx (3) in € million	Share of turnover (4) %	Criteria for a substantial contribution						Do no significant harm (DNSH) criteria										
				Climate change mitigation (5) %	Climate change adaptation (6) %	Water and marine resources (7) %	Circular economy (8) %	Pollution (9) %	Biodiversity and ecosystems (10) %	Climate change mitigation (11) Y/N	Climate change adaptation (12) Y/N	Water and marine resources (13) Y/N	Circular economy (14) Y/N	Pollution (15) Y/N	Biodiversity and ecosystems (16) Y/N	Minimum safeguards (17) Y/N	Taxonomy-aligned share of turnover FY 2022 (18) %	Taxonomy-aligned share of turnover FY 2021 (19) %	Category (enabling activities) (20) E	Category (transitional activities) (21) T
<b>A. Taxonomy-eligible activities</b>																				
<b>A.1 Environmentally sustainable activities (taxonomy-aligned)</b>																				
Manufacture of renewable energy technologies	3.1	1.8	1.47	100	0	-	-	-	-	-	Y	Y	Y	Y	Y	Y	1.47	-	E	-
Electricity generation using solar photovoltaic technology	4.1	5.0	4.02	100	0	-	-	-	-	-	Y	-	Y	-	Y	Y	4.02	-	-	-
Electricity generation from wind power	4.3	9.3	7.41	100	0	-	-	-	-	-	Y	-	Y	-	Y	Y	7.41	-	-	-
Production of heat/cool from bioenergy	4.24	0.1	0.11	100	0	-	-	-	-	-	Y	Y	-	Y	Y	Y	0.11	-	-	-
Infrastructure enabling low-carbon road transport and public transport	6.15	0.1	0.09	100	0	-	-	-	-	-	Y	Y	Y	Y	Y	Y	0.09	-	E	-
Installation, maintenance and repair of energy efficiency equipment	7.3	0.1	0.06	100	0	-	-	-	-	-	Y	-	-	-	-	Y	0.06	-	E	-
Installation, maintenance and repair of renewable energy technologies	7.6	1.9	1.51	100	0	-	-	-	-	-	Y	-	Y	-	-	Y	1.51	-	E	-
Data-driven solutions for GHG emissions reductions	8.2	0.9	0.73	100	0	-	-	-	-	-	-	-	-	-	-	-	0.73	-	-	-
<b>OpEx on environmentally sustainable activities (taxonomy-aligned) (A.1)</b>		<b>19.2</b>	<b>15.39</b>	<b>100</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>15.39</b>	<b>-</b>	<b>-</b>	<b>-</b>
Cogeneration of heat/cool and power from bioenergy	4.20	1.3	1.06																	
Construction of new buildings	7.1	0.2	0.16																	
<b>OpEx on taxonomy-eligible activities, not environmentally sustainable (taxonomy-non-aligned activities) (A.2)</b>		<b>1.5</b>	<b>1.22</b>																	
<b>Total (A.1 + A.2)</b>		<b>20.8</b>	<b>16.60</b>																	
<b>B. Taxonomy-non-eligible activities</b>																				
OpEx on taxonomy-non-eligible activities (B)		104.3	83.40																	
<b>Total (A + B)</b>		<b>125.1</b>	<b>100.00</b>																	

**Capital expenditure (CapEx)**

Economic activity (1)	Code(s) (2)	Absolute CapEx (3) in € million	Share of turnover (4) %	Criteria for a substantial contribution						Do no significant harm (DNSH) criteria										
				Climate change mitigation (5) %	Climate change adaptation (6) %	Water and marine resources (7) %	Circular economy (8) %	Pollution (9) %	Biodiversity and ecosystems (10) %	Climate change mitigation (11) Y/N	Climate change adaptation (12) Y/N	Water and marine resources (13) Y/N	Circular economy (14) Y/N	Pollution (15) Y/N	Biodiversity and ecosystems (16) Y/N	Minimum safeguards (17) Y/N	Taxonomy-aligned share of turnover FY 2022 (18) %	Taxonomy-aligned share of turnover FY 2021 (19) %	Category (enabling activities) (20) E	Category (transitional activities) (21) T
<b>A. Taxonomy-eligible activities</b>																				
<b>A.1 Environmentally sustainable activities (taxonomy-aligned)</b>																				
Manufacture of renewable energy technologies	3.1	0.7	0.07	100	0	-	-	-	-	-	Y	Y	Y	Y	Y	Y	0.07	-	E	-
Electricity generation using solar photovoltaic technology	4.1	49.3	4.79	100	0	-	-	-	-	-	Y	-	Y	-	Y	Y	4.79	-	-	-
Electricity generation from wind power	4.3	432.7	41.99	100	0	-	-	-	-	-	Y	-	Y	-	Y	Y	41.99	-	-	-
Production of heat/cool from bioenergy	4.24	0.5	0.05	100	0	-	-	-	-	-	Y	Y	-	Y	Y	Y	0.05	-	-	-
Infrastructure enabling low-carbon road transport and public transport	6.15	0.2	0.02	100	0	-	-	-	-	-	Y	-	-	Y	-	Y	0.02	-	-	-
Installation, maintenance and repair of charging stations for electric vehicles in buildings (and parking spaces attached to buildings)	7.4	<0.1	0.00	100	0	-	-	-	-	-	Y	-	-	Y	-	Y	0.00	-	E	-
Installation, maintenance and repair of renewable energy technologies	7.6	9.3	0.90	100	0	-	-	-	-	-	Y	-	-	-	-	Y	0.90	-	E	-
Data-driven solutions for GHG emissions reductions	8.2	3.6	0.35	100	0	-	-	-	-	-	Y	-	-	-	-	Y	0.35	-	E	-
<b>CapEx on environmentally sustainable activities (taxonomy-aligned) (A.1)</b>		<b>496.3</b>	<b>48.16</b>	<b>100</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>Y</b>	<b>-</b>	<b>Y</b>	<b>-</b>	<b>-</b>	<b>Y</b>	<b>48.16</b>	<b>-</b>	<b>-</b>	<b>-</b>
Cogeneration of heat/cool and power from bioenergy	4.20	0.1	0.01																	
Construction of new buildings	7.1	12.5	1.21																	
Fleet	6.5	24.5	2.38																	
<b>CapEx on taxonomy-eligible activities, not environmentally sustainable (taxonomy-non-aligned activities) (A.2)</b>		<b>37.1</b>	<b>3.60</b>																	
<b>Total (A.1 + A.2)</b>		<b>533.4</b>	<b>51.76</b>																	
<b>B. Taxonomy-non-eligible activities</b>																				
CapEx on taxonomy-non-eligible activities (B)		497.0	48.24																	
<b>Total (A + B)</b>		<b>1.030.4</b>	<b>100.00</b>																	

[ The BayWa Group has a turnover, of €27.1 billion. Of this amount, €1,295.5 million, or 4.8%, is attributable to taxonomy-eligible turnover. Of the taxonomy-eligible amount, €1,244.4 million is taxonomy aligned. The remaining €51.1 million is taxonomy eligible but not taxonomy aligned. The main share of taxonomy-aligned turnover is generated in the renewable energies business sector and is attributable in particular to the activities “electricity generation using solar photovoltaic technology” (€847.5 million) and “electricity generation from wind power” (€250.9 million). Furthermore, there is €14.2 million of taxonomy-aligned turnover that is generated internally within the Group and is not included in the table. This turnover is mainly attributable to the subsidiaries FarmFacts GmbH, VISTA Geowissenschaftliche Fernerkundung GmbH and the BayWa r.e. Group. The turnover results almost exclusively from contracts with customers (IFRS 15), with the amount from environmentally sustainable activities in 2022 exceeding the previous year’s amount (€1,096.2 million) by €148.2 million or 13.5%. This development is particularly the result of strong revenue growth at the BayWa r.e. Group. Although the Group’s turnover also rose significantly year on year (by €7.2 billion or 36.4%), the share of turnover from environmentally sustainable activities was able to be kept at almost the same level. Turnover from environmentally sustainable activities had a 5.5% share in the Group’s turnover in the 2021 financial year. This year, a level of 4.8% was reached.

Of the operating expenditure (OpEx) of €125.1 million, €20.8 million or 16.6% is taxonomy eligible. Of the taxonomy-eligible amount, €19.2 million is taxonomy aligned. The remaining €1.5 million is taxonomy eligible but not taxonomy aligned. Maintenance expenditure, at €11.4 million, made up the lion’s share of taxonomy-aligned OpEx. Furthermore, the income statement includes rental and lease expenditure of €7.2 million and research and development expenditure of €0.6 million for taxonomy-aligned activities. The OpEx from environmentally sustainable activities is slightly above the previous year’s level (€16.7 million).

Of the Group’s net CapEx totalling €1,030.4 million, €533.4 million, or 51.8%, is taxonomy-eligible CapEx. Of the taxonomy-eligible amount, €496.3 million is taxonomy aligned. The remaining €37.1 million is attributable to net CapEx that is taxonomy eligible but not taxonomy aligned.

Most of the taxonomy-aligned CapEx results from the BayWa r.e. Group, analogously to the taxonomy-aligned turnover described above. Environmentally sustainable CapEx in the 2022 financial year went primarily towards the business activities “electricity generation from wind power” (€432.7 million) and “electricity generation using photovoltaic technology” (€49.3 million). The BayWa r.e. Group plans and constructs wind farms and solar parks with an aim of selling them. For this reason, the farms and parks are presented as work in progress in the inventories line item on the balance sheet during the construction phase. Following their completion, a decision was made not to sell certain farms and parks and instead to keep them in the portfolio and operate them. These facilities were therefore transferred to the IPP business entity in the Renewable Energies Segment and reclassified from inventories to property, plant and equipment. The CapEx associated with these farms and parks accumulates to €442.4 million as at the end of the reporting period on 31 December 2022, representing a significant portion of total CapEx.

The CapEx of €461.0 million on property, plant and equipment represents a significant portion of total CapEx. Furthermore, investments of €24.3 million were made on right-of-use assets and €11.1 million on further intangible assets. Investment of €6.2 million went towards company acquisitions. ] ✓

[ The BayWa Group issued a green bond with a total volume of €500 million during the 2019 financial year. The proceeds from the bond were used to finance new and existing wind farms and solar parks across the world. The green bond was issued shortly before the introduction of the EU taxonomy, for which reason it was not designed for the sets of criteria defined in it. The cash from the green bond was therefore not incorporated in the calculation of the taxonomy-eligible/taxonomy-aligned KPIs. ] 

**Turnover** The Group turnover KPI corresponds to the share of net turnover associated with taxonomy-eligible or taxonomy-aligned economic activities (numerator) in the Group's total net turnover within the meaning of Article 2 item 5 of the EU Accounting Directive (revenue within the meaning of IAS 1.82 item (a)) (denominator). Further disclosures of turnover can be found in chapters A.3 Accounting Policies and Valuation Methods and D.1 Revenues of the income statement in the Consolidated Financial Statements. 

**CapEx** The Group CapEx KPI represents the share of taxonomy-eligible or taxonomy-aligned capital expenditure. It arises from the additions of tangible and intangible assets pursuant to IAS 16.73 item (e) sub-items (i) and (iii), IAS 38.118 item (e) sub-item (i), IAS 40.76 items (a) and (b), IAS 40.79 item (d) sub-items (i) and (ii), IAS 41.50 items (b) and (e); and IFRS 16.53 item (h), plus the additions from mergers that are presented in chapter B.2 Group of Consolidated Companies – Fully Consolidated Companies Pursuant to IFRS 10. The BayWa r.e. Group plans and constructs wind farms and solar parks with an aim of selling them. For this reason, the farms and parks are presented as work in progress in the inventories line item on the balance sheet during the construction phase. Following their completion, a decision was made not to sell certain farms and parks and instead to keep them in the portfolio and operate them. These facilities were therefore transferred to the IPP business entity in the Renewable Energies Segment and reclassified from inventories to property, plant and equipment. The capital expenditure associated with these farms and parks is also taken into account when calculating the total CapEx. CapEx is calculated gross and therefore does not include any revaluations or depreciation or impairment.

In accordance with the taxonomy's specifications, BayWa also includes non-cash capital expenditure, although additions to financial assets are not taken into account. BayWa does not apply CapEx planning for the purposes of the taxonomy specifications. Further CapEx disclosures can be found in the appendix of the Consolidated Financial Statements under C.3 as appendix C.1-C.4 development of consolidated fixed assets.

**OpEx** The Group OpEx KPI corresponds to the share of individually attributable, uncapitalised, taxonomy-eligible/taxonomy-aligned expenses on research and development, building renovation, maintenance or upkeep, or taxonomy-eligible/taxonomy-aligned leasing expenses that cannot be capitalised. This mainly comprises the repair and maintenance expenses contained within the other operating expenses.

Assets and taxonomy CapEx 

Activity	Property, plant and equipment (in € million)	Self-created or acquired intangible assets (in € million)	Right-of-use assets (in € million)	Total (in € million)	Thereof additions from company acquisitions (IFRS 3) (in € million)
3.1 Manufacture of renewable energy technologies	0.7	0.0	–	0.7	–
4.1 Electricity generation using solar photovoltaic technology	38.6	1.8	9.0	49.3	0.7
4.3 Electricity generation from wind power	419.0	1.5	12.2	432.7	–
4.20 Cogeneration of heat/cool and power from bioenergy	0.1	0.0	–	0.1	–
4.24 Production of heat/cool from bioenergy	0.5	0.0	–	0.5	–
6.15 Infrastructure enabling low-carbon road transport and public transport	0.2	0.0	0.0	0.2	–
7.4 Installation, maintenance and repair of charging stations for electric vehicles in buildings (and parking spaces attached to buildings)	0.0	–	–	0.0	–
7.6 Installation, maintenance and repair of renewable energy technologies	1.8	4.5	2.9	9.2	5.5
8.2 Data-driven solutions for GHG emissions reductions	0.1	3.2	0.3	3.6	–
<b>Total</b>	<b>461.0</b>	<b>11.1</b>	<b>24.3</b>	<b>496.3</b>	<b>6.2</b>

# Value Creation

Food, heating, mobility, housing:  
 BayWa and its products and services satisfy people's basic needs. Sustainability plays an increasingly important role across the various business sectors. BayWa develops and fosters innovative solutions and establishes new partnerships for this. The company collaborates with a large number of business partners around the world and takes a variety of measures to ensure that its procurement is responsible. In addition, it values having quality and safety standards in its value chains.



**4 GW**

of renewable energy generation capacity enabled globally in 2022. ↗



**BayWa  
Obst**

invested in new plants in Ravensburg to increase the volume of organic products. ↗



**1,010**

employees received training on human rights in 2022. ↗

# Products and solutions

The topic of sustainability is becoming more and more important. The global challenges are major and awareness of them is growing globally, whether climate change, the loss of biodiversity or resource scarcity. The legal requirements are sharpening, too, for example in relation to the circular economy. BayWa and its products have environmental and social impacts, positive and negative, in different ways. The company contributes to the energy transition, for example through its Renewable Energies Segment. Simultaneously, it also causes things such as carbon emissions through its business activity, for example by transporting goods or trading fossil fuels. In the field of agriculture, the cultivation of agricultural products forms the foundation for the supply of food. At the same time, however, agricultural production also has negative impacts on the environment (see [Ecosystems and biodiversity section](#)). BayWa is aware of its responsibility and wishes to develop more strongly in the direction of sustainable products and solutions in the future.

Guaranteeing product safety – and with it the protection of customers, employees, animals and the environment – is a key concern for BayWa. At the same time, it is a challenging task. As a globally active group of companies with business units of energy, agriculture and building materials, BayWa must address a very wide variety of national quality and safety standards and complex supply chains. Defective products that wind up on the market can result in a tarnished reputation and entail liability claims for the company.

## Guiding principles, structures and processes

BayWa is increasingly aligning its business, products and solutions with the principles of sustainability. For example, BayWa invested in the field of renewable energies back in 2008 and has been expanding it steadily ever since. In the future, sustainability is going to play an even more important role, across all the business divisions, in developing our business models, in investment decisions and thus also in products and solutions. For this reason, sustainability criteria were implemented in the merger and acquisition (M&A) transaction processes of the parent company, BayWa AG, during the reporting period. All new investment by BayWa AG is now examined and evaluated for impacts in the areas of environment and climate, human rights and governance.



New investment by the BayWa AG is now evaluated for its impacts on sustainability.

[ The Sustainable Solutions for Life corporate strategy, which was adopted in the previous year, pursues a goal of achieving responsible entrepreneurship in order to combine profitable business with a contribution to the solution of global sustainability challenges. ] ✓ The topic of sustainable products and solutions has a key role in the Sustainability Strategy, too. The responsibility for the relevant measure is held by the business divisions and now has specific targets and initiatives associated with it. Due to the wide range of products offered by BayWa's various segments, product responsibility can vary from case to case, and is accordingly managed and implemented individually.

Products containing hazardous substances are subject to special labelling obligations regarding their origins, ingredients and use, as are feedstuff and seed. BayWa of course fulfils these obligations. The company carries out training for relevant employees on the current requirements in the corresponding departments (see [Environmental management section](#)).

## Objectives

[ The BayWa Group is working more strongly on solutions that help customers and partners to contribute actively to the management of global sustainability challenges. Through them, BayWa aims to empower its customers through its products and solutions to handle resources conservatively during the usage phase.

BayWa seeks to ensure responsible commodity extraction and product creation while also promoting sustainable and renewable materials and alternative products. Additionally, the Group has a goal of increasingly aligning its range with the principles of a circular economy. It aims to use and expand partnerships across the entire value chain for this purpose. The overarching goal of product responsibility is to attach the greatest value to the safety and tolerability for customers and consumers. BayWa is making greater efforts to sensitise its customers to the safe and sustainable application and disposal of products. ] ✓

## Measures and results in Group segments

[ Due to the Group's extensive and diversified product range, different aspects play a role in each case when it comes to safety, quality and sustainability. For this reason, there is no disclosure of uniform, Group-wide measures and results. Rather, the measures and results are described for each segment in the following sections. ] ✓

## Renewable Energies Segment – business divisions and entities of BayWa r.e.

BayWa r.e. combines the activities of the Group in the fields of renewable energies. The BayWa subsidiary is a world-leading developer, contractor, photovoltaics wholesaler and provider of energy solutions in the field of renewable energies and has an active influence in shaping the future of the energy industry. Through its Projects, Operations and Solutions divisions, BayWa r.e. covers the entire renewable

energies value chain. At project level, the company’s focus lies on photovoltaic (PV) and wind energy. Its services comprise the technical and commercial management of wind farms and solar parks, as well as energy trading. BayWa r.e. is one of the world’s leading wholesalers of PV components and provides comprehensive energy solutions for commercial and industrial customers.

### Renewable Energies Segment value chain – business divisions and entities of BayWa r.e.

#### Projects: wind and solar



#### Operations: electricity production, energy trading services and technical and commercial management



#### Solutions: solar trading and energy solutions



BayWa r.e.
  BayWa r.e. and other stakeholders
  Other stakeholders



4 GW of capacity for renewable energy generation globally in 2022.

**Measures and results**

[ BayWa r.e. enabled 4.1 gigawatts of generation capacity for renewable energies globally during the reporting period. This was achieved through the construction and installation of wind farms and solar parks and through the sale of solar modules. Consequently, BayWa r.e. makes an important contribution to the energy transition.

BayWa r.e. is one of the pioneers in the field of agrivoltaics solutions, which combine food production and energy production on one piece of land. In 2021, two companies owned by BayWa AG, BayWa r.e. Power Solutions and RWA Solar Solutions, pooled their expertise and realised the Cropvoltaic Project Pöchlarn. The first harvest was reaped from the land in 2022. The aim of the project is to uncover solutions for the twin priorities of using land for solar parks and for grain production and, in doing so, provide further support for the development of the agrivoltaics market. ] ✓

BayWa r.e. is also working on improving the projects' environmental impacts and increasing the acceptance of new projects among local stakeholders, which involves measures to involve and include them. To this end, a working group was formed during the reporting period with members from the areas of project development, communications and risk management as well as the Strategy, Energy Policy and Sustainability department. The working group systematically tracks sustainability initiatives in relation to each project. Application of this "project sustainability checklist" is currently being piloted. The intention behind it is to integrate socially and environmentally friendly measures into project development more strongly whilst also increasing transparency surrounding the positive effects of wind and solar projects.



**Community and residents invest in wind farm**

The Clos Neuf wind farm in France, featuring a capacity of 12 megawatts, was inaugurated in September 2022. It is a model project for BayWa r.e., with the community and local residents acting as shareholders and bondholders to contribute a total of €1 million in conjunction with a local financial institution and partner. The share-/bondholders will profit from the financial gains proportionally to their investment over the entire life cycle of the wind farm in Brittany. They may invest a maximum amount of €10,000 each and receive a coupon rate of 5% per annum.

These citizen investors are also part of the wind farm project's extended strategy committee through elected representatives, making them a part of its administration, too. The residents of the region surrounding Clos Neuf were consulted from day one and included in informational events, open days and presentations to the local council. With so much transparency about the process, and with the benefits that it will bring to the region and population, the project did not meet any resistance in any of its various development stages.

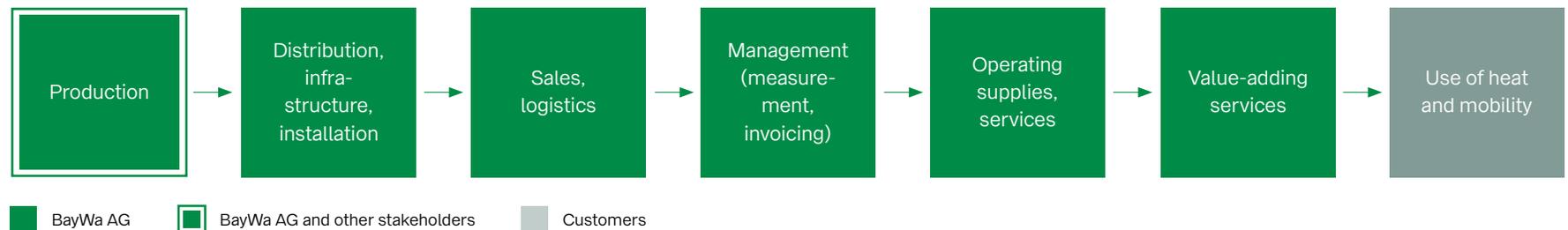
## Energy Segment

BayWa's Energy Segment offers products and solutions in the fields of heating and mobility, primarily in southern Germany and Austria. It supplies customers with products that include heating oil, diesel, operating supplies, lubricants, wood pellets and heating solutions. With BayWa Mobility Solutions GmbH, the segment provides

solutions in the field of electric mobility, while BayWa Power Liquids GmbH stands for an open-minded approach to technology in mobility solutions for heavy-goods transportation. Such solutions include liquefied natural gas (LNG) and, prospectively, bio LNG and hydrogen.

### Energy Segment value chain

#### Heating and mobility: relevant energy sources (diesel, heating oil, wood pellets, LNG)

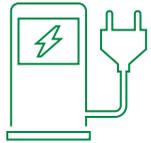


### Measures and results

The Energy Segment has implemented the ISO 9001 quality management standard. Wood pellets, a renewable source of energy, have developed into an important alternative to fossil fuels. A large share of the pellets sold by BayWa are PEFC-certified, which means they come from sustainable plantations. The pellets are made from either sawmill wood waste or wood that cannot be used to manufacture other wooden products.

In 2022, BayWa Energie Dienstleistungs GmbH was contracted to develop, construct and commission further solutions for supplying residential and commercial properties with renewable heating and electricity for tenants.

In the Lubricants business entity, BayWa sells a biodegradable product line and, since the reporting period, an eco line (see box). Moreover, the portfolio includes the product TECTROL Cool Protect Clean, which provides eco-friendly frost protection for field sprayers.



Over 2,100 charging points constructed since 2020.

The subsidiary BayWa Mobility Solutions has a mobility offering with an integrated advisory service, for example, for a fleet solution for SMEs, for agriculture or for private individuals. In the field of electric mobility, it focuses on advice and planning, installation, operation and maintenance of charging infrastructure. More than 2,100 charging points have been set up in public and semi-public spaces since 2020. Of this number, 1,800 were quick charging points for a variety of customers. BayWa Mobility Solutions built and installed approximately 300 charging parks in 2022, and they featured predominantly quick charging points.

With its new fleet@all product, the subsidiary is also a driving force for electrification at its fleet customers. Its range of products and services includes wall box installation and billing through company charge cards, as well as fuel and charge cards for cashless refuelling and recharging.

For heavy-goods vehicles running on LNG, the subsidiary BayWa Power Liquids operates a network of 10 stations, with another under construction. The product range is also soon planned to feature bio-LNG: liquefied biomethane generated from agricultural waste.

BayWa bought into the operator company Hy2B Wasserstoff GmbH in 2021, and this company will generate and distribute green hydrogen from renewable energies in conjunction with further partners and Landshut county starting in 2023. BayWa's contribution to this consists of its experience in logistics and petrol station operation.



### Lubricants: using the circular economy

The Lubricants business entity in 2022 launched a project to develop sustainable and market-specific product lines as part of its strategic direction. Two hydraulic oils and two multifunctional oils were added to the portfolio for this. The product line contains recycled lubricants, formulated based on special base oils which are produced in a way that optimises their environmental footprint. Resource consumption and carbon emissions are reduced significantly compared to the usual lubricants on the market.

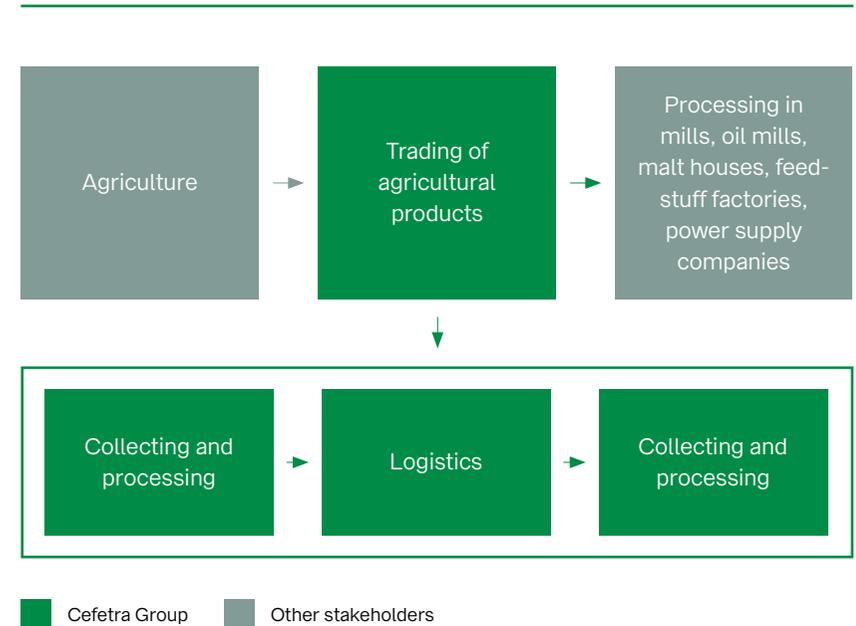
Moreover, sustainable container concepts are integrated into the project. The aim is to reduce the level of plastic to a minimum as well as to use recyclable packaging materials.

## Cefetra Group Segment

The Cefetra Group specialises in the international trade of grain and oilseed and covers the entire value chain from purchasing through to logistics and sales in its role as a supply chain manager. Cefetra procures feedstuff ingredients (corn, wheat, soya meal and by-products such as palm kernel expellers, among other things) from across the world and sells them to Europe’s feedstuff, food and fuel industries. The segment is a market leader in the supply of commodities for the animal feed sector in the EU and also a market leader in the supply of organic feedstuff ingredients. The Cefetra Group has firmly integrated the topic of sustainability into its five-year corporate strategy for the years 2019 to 2024.

Cefetra B.V. traded some 1.4 million tonnes of soya in 2022 (2021: approximately 1.8 million tonnes). A volume of 1.4 million tonnes was certified according to the CRS, RTRS or ProTerra sustainability standards during the reporting period (2021: approximately 1 million tonnes). The percentage of GM-free soya certified by ProTerra stood at around 5%.

### Cefetra Group Segment value chain



### Measures and results

Cefetra B.V. is audited due to its membership in the Roundtable on Sustainable Palm Oil (RSPO) and the Round Table on Responsible Soy Association (RTRS). Cefetra Limited (UK), Cefetra B.V. (NL) and Cefetra Feed Services (NL) have been entitled since 2021 to trade RSPO-certified palm oil products based on the mass balance supply chain model.

Cefetra B.V. also participates in the:

- UK Roundtable on Sustainable Soya;
- Dutch Soy Platform Initiative;
- Coceral Food and Feed Safety Working Group;
- Coceral Joint Sustainability Group;
- MVO Food and Feed Safety Working Group;
- MVO Working Group Sustainable Sourcing;
- EFISC-GTP Technical Committee;
- ProTerra Initiative;
- Collaborative Soy Initiative communication platform convened by RTRS;
- Roundtable on Sustainable Palm Oil (RSPO), and
- OECD-FAO Multi-Stakeholder Expert Working Group on Business & Deforestation.

Cefetra B.V. has developed the [Certified Responsible Soya \(CRS\) standard](#) . In 2021 and 2022, Cefetra conducted a pilot project to measure the carbon footprint of CRS-certified soya farms. An external auditing firm additionally checked that these farms have not deforested land in at least 20 years. If they can demonstrate this, they can convert this history into tradable carbon credits, providing an additional income source for farmers.

Cefetra has offered its experience and knowledge in the field of sustainability as an advisory service for its customers since 2021. The first step involves carrying out a life cycle assessment (LCA) to identify possibilities for improvement. Shrinking the customers' environmental footprint in close cooperation with them is an effective way to reduce the joint footprint.

### Certified soya products



Cefetra developed the Certified Responsible Soya (CRS) standard in 2008. It has since become an important certification guideline for the European feedstuff industry and for farmers in South America. Since 2009, Cefetra has also offered products that are CRS-certified in addition to ones meeting other alternative soya standards, such as RTRS or ProTerra. Farmers who wish to gain CRS standard certification must meet a wide range of sustainability requirements, including environmental and social requirements, and apply good agricultural practices. A key criterion of the CRS standard is “zero deforestation”. In 2020, Cefetra introduced soya products that are produced at locations that have not been deforested in at least 20 years. Farmers receive additional financial compensation for this. The number of CRS- and RTRS-certified farmers is increasing considerably. For this reason, Cefetra endeavours to have further farms included so that its volume of sustainable soya products can double. This process slowed down somewhat in early 2022 due to major droughts in large soya farming regions in Brazil, Paraguay and Argentina. The doubling of sustainable soya products is now expected to be achieved in 2023.

One of the regions in which the company operates is the Gran Chaco region in Argentina. Cefetra is involved in a project with three NGOs: IUCN-NL (Dutch committee), Solidaridad and Fundación Vida Silvestre – as well as Zuivel NL (the Dutch dairy sector). One of the objectives in this region is for soya farms to gain certification, while another objective is to establish a corridor for wildlife in this region. This project is being financed by the Netherlands Enterprise Agency.

To obtain a better insight into the complex supply chains for agricultural commodities such as soya, Cefetra participates in multiple projects with other supply chain stakeholders that are upstream or downstream of the company. Cefetra also works closely with its direct suppliers to obtain a better insight into where and how the commodities are produced.

**Sustainability certificates and standards for subsidiaries at the Cefetra Group**

Certificate/standard in the field of sustainability	Description	Valid for the following Cefetra Group subsidiaries	Prevalence of standard within the Cefetra Group
<a href="#">Cert ID Non-GMO Standard</a>	Sustainability and quality standard	Cefetra B.V. (audited for soya trade)	○
<a href="#">International Sustainability and Carbon Certificate (ISCC)</a>	Sustainability standard	Cefetra B.V., Cefetra Feed Service B.V.	●
<a href="#">KZR INiG</a>	Sustainability standard	Cefetra Polska	○
<a href="#">Roundtable on Sustainable Palm Oil (RSPO)</a>	Supply chain certification for site sustainability	Cefetra B.V., Cefetra Feed Service B.V., Cefetra Ltd.	●

**Sustainability certificates and standards for selected products at the Cefetra Group**

Certificate/standard in the field of sustainability	Description	Valid for the following Cefetra Group products	Prevalence of standard within the Cefetra Group
<a href="#">Standard Certified Responsible Soya (CRS)</a>	Sustainable soya sourcing guideline	Soya	●
<a href="#">Roundtable on Responsible Soy Association (RTRS)</a>	Sustainability standard and quality management	Soya	●
<a href="#">ProTerra Standard</a>	Sustainability standard	Soya	●
<a href="#">Organic standard (EU Organic Production Regulation, USDA Organic)</a>	Eco-friendly farming	Grain, oilseed, pulses, by-products at BioCore B.V.	●
<a href="#">Roundtable on Sustainable Palm Oil (RSPO)</a>	Sustainability standard for palm oil	Palm oil products (incl. palm kernel expeller)	●

The prevalence of the standards is presented based on the following classification:



## Global Produce Segment

Global Produce is a leading global provider of fruit and vegetables. This BayWa segment has its roots in trading fresh products from Germany and New Zealand. Today, the product variety ranges from local apples and summer fruits to products from all over the world. In its international pome fruit business, BayWa maintains global trade links to the Americas, Asia, Australia, the UK and Europe through its New Zealand subsidiary T&G Global Limited (T&G Global).

Through its majority stake in Netherlands-based TFC Holland B.V., BayWa also carries exotic speciality fruits. Global Produce stands for innovative, long-term business relationships and trust-filled alliances in the southern hemisphere as well as the northern one, be it as a strong-performing partner for farmers or as a supplier of speciality products.

### Global Produce Segment value chain



### Measures and results

Food safety and quality are the top priority at Global Produce. That is why Global Produce's sites as well as products meet a wide variety of international quality and sustainability standards.

T&G Fresh, which is T&G Global's New Zealand company, is committed to the highest standards of food safety, quality and quality assurance. They include the strict legal standards within the industry, which are maintained and monitored by New Zealand's Ministry for Primary Industries. T&G Fresh implements required programmes such as a food control plan (FCP) and HACCP (hazard analysis and critical control points) to ensure that the standards for food safety and quality are met. The company's suppliers also meet a range of national and international standards that have been approved as part of the Global Food Safety Initiative. The farming operations at T&G Fresh are certified under the programmes for authorised suppliers. These programmes include GLOBAL G.A.P., an internationally recognised standard for the creation of agricultural products.



BayWa Obst invested in new packing and sorting equipment at the Ravensburg site to increase sales of organic products.

In Germany, the producers also meet the requirements of regional quality labels, such as the Regionalfenster, which informs consumers of a product's origin and the region in which it is sold. BayWa Obst also invested in multiple new packing and sorting systems at the Ravensburg site in 2022 to increase sales of organic products.

A further measure that was carried out in the Global Produce Segment in 2022 was a pilot ecological assessment of the Jazz™ brand apple for multiple supply chains. The final results are expected in 2023. Since 2021 in New Zealand, T&G Fresh has additionally offered Fairtrade-certified bananas with a carbon footprint that is offset with credits from an organisation that is committed to ongoing rainforest protection in Peru.

In August 2022, T&G Global New Zealand signed off on the first sustainability-linked loan in commercial horticulture. With this three-year loan, T&G Global has committed to, among other things, defining a science-based target for reducing greenhouse gases (see [Sustainability approach sub-chapter](#) ).



### Donating fruit and vegetables

In the second year following its establishment, the Fairgrow foundation at BayWa subsidiary T&G Global donated a total of 978,654 kilogrammes of fruit and vegetables to those in need in New Zealand in 2022. Fairgrow has joined with producers across the country to track excess and donated fresh fruit and vegetables and to distribute it to charities through the New Zealand Food Network. This ensures that consumable food ends up going to people who urgently need it rather than the rubbish bin.

The following tables offer an overview of selected sustainability standards and certificates for sites and products.

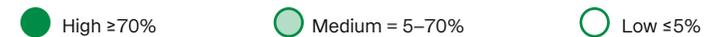
**Sustainability certificates and standards for sites in the Global Produce Segment**

Certificate/standard for sustainability	Description	Valid for the following Global Produce sites
Organic standards (e.g. <a href="#">EU Organic Production Regulation</a> , <a href="#">Demeter</a> , <a href="#">Naturland</a> , <a href="#">Bioland</a> , land care associations)	Quality standard for eco-friendly agricultural products	BayWa Obst GmbH and TFC Holland B.V., and Worldwide Fruit Limited packing sites
Social standards (e.g. SEDEX/SMETA, Fairtrade)	Social and ethical standards in agricultural production and processing	TFC Holland B.V.; Worldwide Fruit packing sites and T&G Global's own farming and packing sites for apples, tomatoes, berries and citrus fruits

**Sustainability certificates and standards for selected products in the Global Produce Segment**

Certificate/standard for sustainability	Description	Valid for the following Global Produce products	Prevalence of standard within the Global Produce <sup>1</sup> Segment product class
<a href="#">GLOBAL G.A.P./NZGAP</a>	Quality assurance system and certification system for agricultural production	Across multiple product categories (e.g. apples, pears, berries and stone fruit)	
Social standards (e.g. <a href="#">Fairtrade</a> , <a href="#">SEDEX</a> , <a href="#">QS Voluntary Inspection of Working and Social Conditions</a> , <a href="#">GLOBAL G.A.P GRASP</a> )	Social and ethical standards in agricultural production and processing	Across multiple product categories (e.g. apples, bananas and mangos)	
Organic guidelines (e.g. <a href="#">EU Organic Production Regulation</a> , <a href="#">Demeter</a> , <a href="#">Naturland</a> , <a href="#">Bioland</a> )	Environmental standards in agricultural production and processing	Across multiple product categories (e.g. apples, pears and berries)	

The prevalence of the standards is presented based on the following classification:



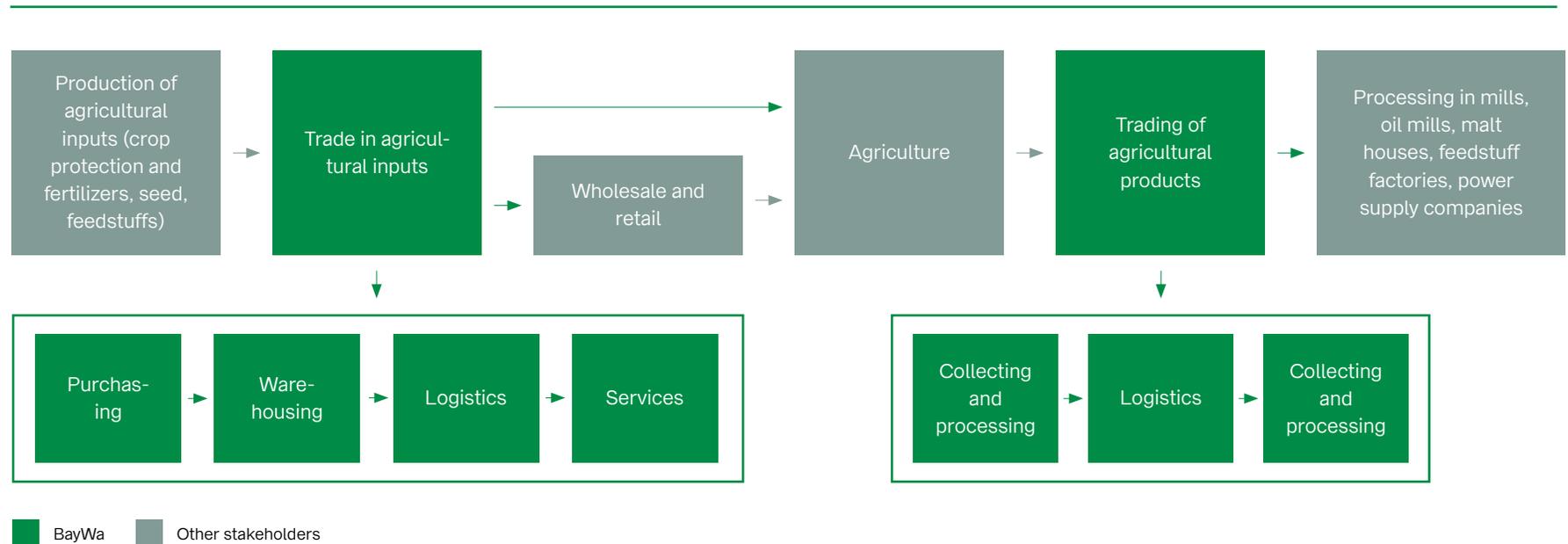
<sup>1</sup> Due to complex global supply chain structures, this data is based on quantitative sources (data exports) as well as qualitative ones (estimates). Global Produce is currently developing a systematic data collection process for the entire segment.

## Agri Trade & Service Segment

The focus of the Agri Trade & Service Segment is direct trading business with farmers. It supplies farming customers in Germany and Austria with agricultural inputs for agricultural production. These inputs include seed, fertilizer, crop protection products and feedstuff and hygiene products for animal husbandry. At the same

time, the segment collects agricultural products such as grain, oilseed and hops after they are harvested and markets them to local and regional processors, as well as in export markets.

### Agri Trade & Service Segment value chain



### Measures and results

[ The BayWa AG counted<sup>1</sup> just under 1.1 million tonnes of grain (wheat, barley, corn, rye, triticale) and approximately 147,000 tonnes of oilseed (rapeseed, soya beans) in Germany in 2022. Almost 60% (2021: almost 60%) of the grain and 98% (2021: 98%) of the oilseed has EU certification under the REDcert sustainability standard. With the exception of rapeseed, it also met the GMP+ B 3 feedstuff safety standard. The share of non-genetically-modified soya meal sold in the Agri Trade & Service Segment at the BayWa AG was 32% in 2022 (2021: 28%). This means that 68% (2021: 72%) of the soya meal sold was genetically modified, a characteristic which is subject to a special labelling requirement. Moreover, 83 sites (2021: 84) in Germany have “GMO-Controlled” certification and are therefore recognised by the German Association for Food without Genetic Engineering (Verband Lebensmittel ohne Gentechnik e.V., VLOG). This makes it possible for farmers who participate in non-GMO programmes to supply certified feedstuffs. ] ✓

Many farmers in Germany wish to apply higher animal welfare standards in the future. The BayWa AG is a reliable partner for them and supports its customers with a range of products and services for animal welfare. This includes advice and information about animal welfare measures as well as the planning and construction of more animal-friendly stalls and further development of adjusted feeding and hygiene protocols. The private-brand range was expanded in 2022, and with BayWa offering the Bonimal brand, it provides a system to meet the growing demands for animal welfare even better. BayWa has introduced herd management consulting to support customers such as dairy farmers on the subject of animal welfare.

[ BayWa AG's Agri Trade & Service Segment has been supporting organic farmers with the BayWa Öko concept through a comprehensive range of products and advice. There are 106 sites (2021: 118) that are certified for trade in organic agricultural inputs, while 6 sites (2021: 6) also collect organic agricultural products. ] ✓  
A BayWa team of regional organic experts supports organic farmers with advice. In addition, RWA AG's “Unser Bio” range has been exclusively offering products that comply with the European Council regulation on organic production.

<sup>1</sup> Refers to the physical receipt of goods at BayWa locations



### Drone-based seed sowing protects the soil

Catch crops promote the soil's fertility and help to suppress weeds and erosion. Sowing corn and grain by using a drone is a soil-friendly alternative compared to the classic method of sowing seed. It stops the soil from being compacted and plants from being injured. BayWa offers drone-based seed sowing as a service. Flying over the earth with a special agricultural drone saves time and money as the seed is planted exactly where it is needed through the GPS control. The flight takes place regardless of the soil conditions, even if it is slightly windy or rainy.

**Sustainability certificates and standards for sites in the BayWa AG Agri Trade & Service Segment**

Certificate/standard in the field of sustainability	Description	Valid for the following sites in the Agri Trade & Service Segment	Prevalence of standard within the Agri Trade & Service Segment
<a href="#">Donau Soja, Europe Soy Standard</a>	Feedstuff safety standard for trading, collecting, warehousing and cargo handling	2 sites	
<a href="#">EU Organic Production Regulation</a>	Feedstuff safety standard for transport	106 sites	

**Sustainability certificates and standards for products in the BayWa AG Agri Trade & Service Segment**

Certificate/standard in the field of sustainability	Description	Valid for the following products in the Agri Trade & Service Segment	Prevalence of standard within the Agri Trade & Service Segment product class
<a href="#">REDcert</a>	Sustainability certification for biomass	Grain, oilseed	
<a href="#">EU Organic Production Regulation</a>	Certificate for organic products	Feedstuffs, grain, seed, hops, fruit for juicing	
<a href="#">Donau Soja, Europe Soy Standard</a>	Certification for non-GMO and source-identified, high-quality soya from Europe	Soya	

The prevalence of the standards is presented based on the following classification:

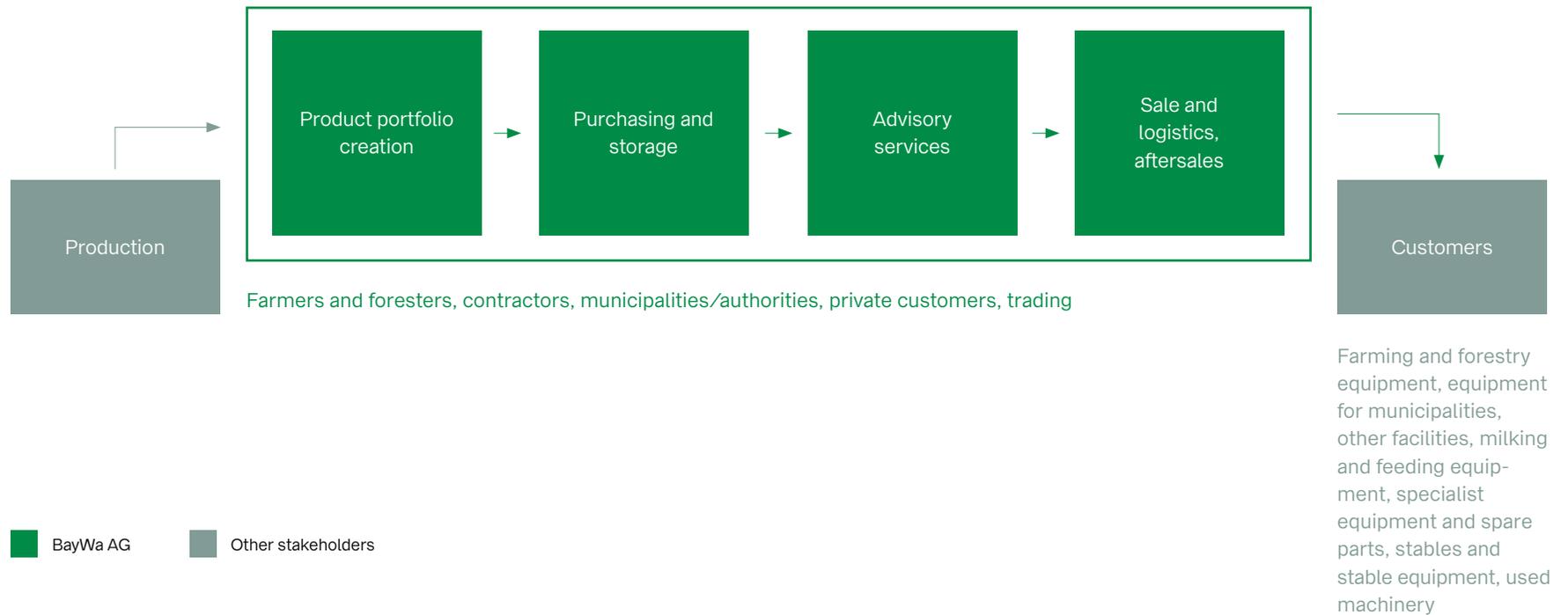
- High ≥70%
- Medium = 5–70%
- Low ≤5%

## Agricultural Equipment Segment

The sale of machinery, equipment and systems for agriculture, forestry and the public sector in Germany and Austria is pooled in the Agricultural Equipment Segment. The Agricultural Equipment Segment is responsible for the sale of new and used machinery, as well as maintenance and repair services, including spare parts. Its services are provided at approximately 170 workshops or directly on site by over 460 mobile service vehicles.

Customers include farms and forestry operations, as well as vineyards, fruit farmers, municipalities and commercial enterprises. The segment also offers various brands of vehicles for sweeping, cleaning and winter services, as well as mowing and sporting venue technologies.

### Agricultural Equipment Segment value chain



### Measures and results

The Agricultural Equipment Segment has a variety of product solutions in its portfolio that help to reduce impacts on the environment. To reduce the use of agricultural inputs (such as crop protection products), the range includes smart machinery and device programmes. Additionally, BayWa offers a wide range of products and services for tilling fields mechanically for eco-friendly farming, and this range was extended the previous year to include highly professional technology for weed control. IT-supported guidance systems in tractors and harvesting machines, as well as autonomous field robots, enable optimum use of vehicles while streamlining work processes.



### Maintenance services: using tractors for longer

For Agricultural Equipment customers, tractors and agricultural machinery often play a key role in adding value for a farm for many years after they have been purchased. Frequently, the machines used are older ones that are still reliable workhorses due to their high quality and robust mechanics.

The BayWa Agricultural Equipment Segment offers owners of older tractors a large number of easy-to-access maintenance and spare-part services aimed at all important function categories that help to preserve a machine's performance. This extends the tractor's service life, and that in turn conserves resources.

## Innovation & Digitalisation Segment

In its Innovation & Digitalisation Segment, BayWa not only leverages the potential of increasing digitalisation, but also underlines the strategic importance of innovation for the entire company. The segment brings together digital activities and the further development of innovative approaches. Currently, it is focusing on projects in the areas of digital farming and eBusiness. Digital farming creates new opportunities for agriculture, letting operational processes be optimised and therefore making business more cost-effective and sustainable.

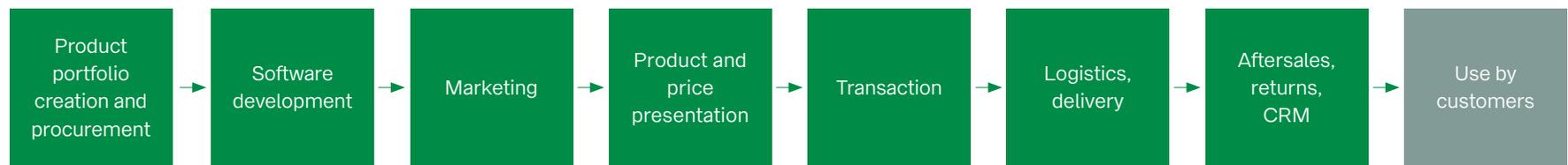
Through its investment in FarmFacts, BayWa offers a farm management system that makes digital benefits available to farmers regardless of their farm's form or size. A further approach is to use satellite data for agriculture. VISTA Geowissenschaftliche Fernerkundung GmbH, a Group subsidiary, has already put various solutions on the market for this. They have positive impacts on the consumption of agricultural inputs and water and on crop yields. eBusiness involves linking digital services such as online procurement with bricks-and-mortar retail, and pushing further ahead with advisory apps and optimising them.

### Innovation & Digitalisation Segment value chain

#### Digital farming



#### eBusiness



### Measures and results

Innovative technologies and products can help the agriculture sector to do business in a way that consumes fewer resources. The examples from BayWa's range of products and services include high-performing product varieties, the E-Pura electronic seed treatment as an alternative to chemicals, geo-referenced and yield-zone-based soil sampling, various water management technologies, N-Manager as a foundation of needs-based fertilization and smart farming services. They are complemented by an extensive sales and consulting network. BayWa is paying an increasing amount of attention to the principle of a circular economy in its selection of products and cooperation with manufacturers.

It cooperates with Netafim, for example, an irrigation system manufacturer that lets farmers recycle the drip lines they use.

BayWa's digital farming portfolio also allows smaller and medium-sized farms to use modern productivity-boosting technologies (including farm management systems, robotics and zone-specific management). Using satellite data, BayWa is able to offer agricultural advisory services to farmers around the world from Germany. In 2022, it was therefore engaged at sites in Germany, sub-Saharan Africa, Serbia, the UK, Spain and Argentina.

Registered customers on the BayWa Portal can view various crop-specific parameters such as the yield forecast, and these parameters are all updated weekly by postcode. This adds a significant amount of value for farmers because they can better plan and optimise their application of crop protection and fertilizer products using the data.



### Using digitalisation to save water and time

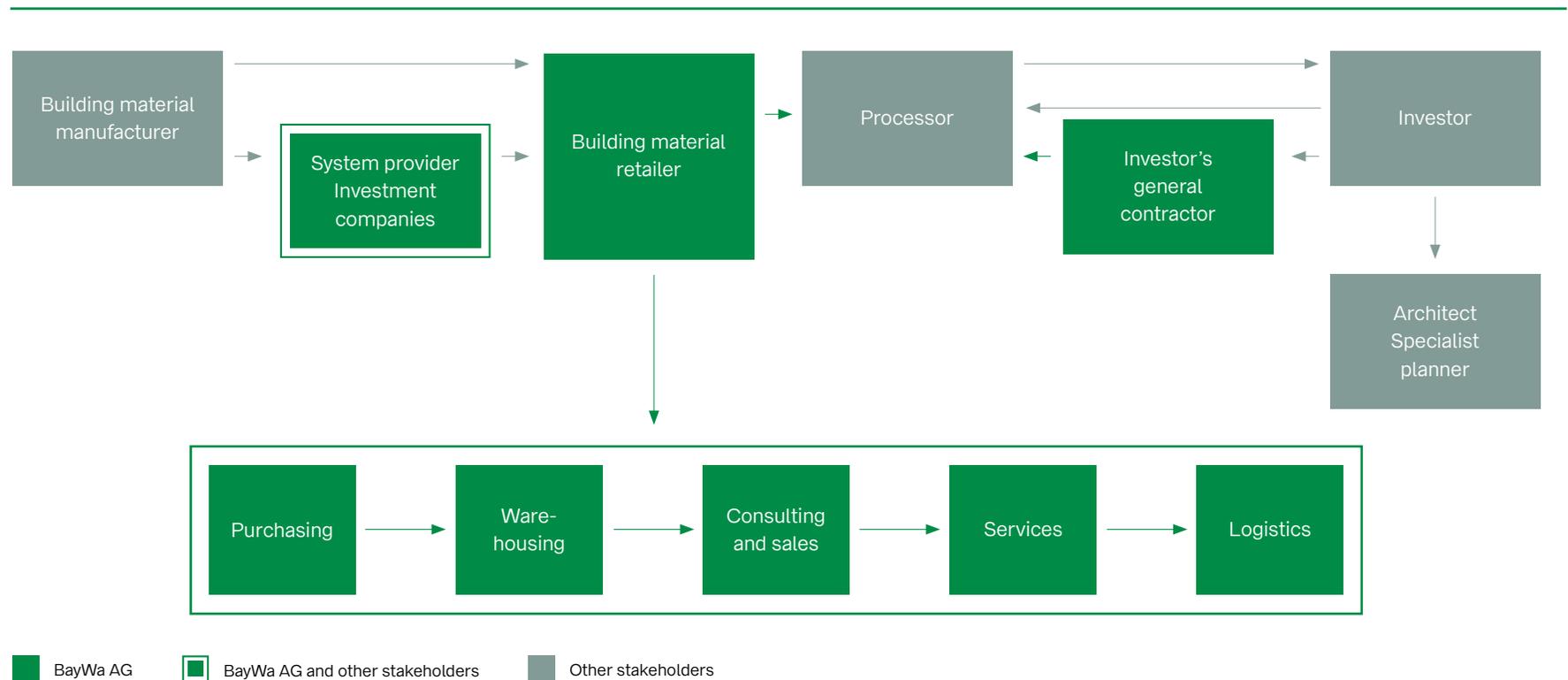
BayWa invested in Spanish start-up Spherag during the reporting period through BayWa Venture, its investment arm. Spherag has developed a solution that applies the Internet of Things (IoT) and can be used to digitalise and automate existing irrigation equipment. It enables a reduction of water and energy consumption by one-third, with little effort required. The Spherag solution is based on solar-operated modules that are installed on top of the control elements of existing irrigation equipment. Farmers will then be able to use their smartphone as a remote control for the individual valves instead of manually turning them on and off.

## Building Materials Segment

The Building Materials Segment covers the complete spectrum of building materials, ranging from subsurface construction, surface construction, new-build construction, renovation and modernisation to horticulture and landscaping as well as solution packages for energy and healthy buildings. The innovative portfolio of products and services across the entire value chain is oriented towards the future of construction, with a special focus on energy efficiency, healthy housing and resource-conserving, climate-friendly construction. The product spectrum is aimed at all stakeholders in

the property industry, including construction companies, local authorities, tradespeople and private DIY builders and renovators. To complement this range, BayWa offers its customers numerous specialisations and varied services as well as support on innovative subjects such as healthy construction, energy efficiency and building information modelling (BIM). With this diversified service spectrum, the Building Materials Segment supports its customers in actively influencing change in construction and successfully becoming a master of it.

### Building Materials Segment value chain



### Measures and results

Through a wide range of products and services, BayWa makes safe, healthy and environmentally friendly construction a reality for customers. These products and services include planning for healthy homes, consultation on energy standards and a financial support service, which provides advice about modernisation measures. Sustainable construction solutions range from radiant cooling and heating solutions, which moderate room heating and temperature naturally, to high-efficiency houses classed as sustainable. This requires things such as the Sustainable Buildings quality label. The Casafino1ONE modular construction element is new to the BayWa portfolio. It combines all the different trades that work on windows, which significantly shortens the construction schedule and reduces costs. BayWa is also engaged in innovative products through the companies that it invests in – such as Tjiko, which offers timber bathroom modules.

The Building Materials Segment offers a wide range of verified low-emission products that carry the [BayWa BauGesund seal](#)

Approximately 1% of the products in the Building Materials Segment are given a safety data sheet in line with legal requirements (2021: 1%). These sheets include handling recommendations to ensure the protection of human health and the environment when the product is used.

### Recognising low-emission construction products

A wide range of products in the Building Materials Segment carry the [BayWa BauGesund seal](#) . The seal makes it easier for customers to recognise building materials that have been verified by BayWa as low on emissions. The marked products are subjected to testing and an internal control process for this seal. The Services and Systems team has also received training from TÜV Rheinland in order to carry out all measurement services according to the TÜV Rheinland criteria catalogue by itself in the future and issue analyses or verification reports based on these standards to BauGesund partners and all other commercial customers. BayWa has an array of official [BauGesund partners](#) that also make a point of building with health in mind.



# Supply chain

## Procurement

With approximately €22 billion being spent on procurement each year, the BayWa Group's purchasing patterns have an influence on people and the environment that should not be overlooked. This influence extends from the Group's own area of business to its suppliers and deeper supply chain. Accordingly, responsible procurement from suppliers that do business in accordance with environmental and social standards can minimise risks and make a positive contribution in the supply chain. However, if there are significant breaches of these standards by direct suppliers or in the deeper supply chain, this can inflict great damage at the place where these breaches occur. What's more, they can influence BayWa's reputation. Simultaneously, businesses are increasingly required by legislative developments nationally and internationally to fulfil human rights due diligence obligations in their supply chains (see [Protecting human rights section](#) .

In the Energy Segment, a dedicated purchasing and management manual governs procurement. Furthermore, the purchasing team requires its suppliers to provide a self-disclosure in line with the quality management requirements. The self-disclosure also covers sustainability aspects such as environmental protection, as well as workplace health and safety. In the BayWa AG Agri Trade & Service Segment, sustainability-related topics have also been incorporated into the supplier evaluation for feedstuff products – and this applies to private-brand suppliers as well as core suppliers. Additionally, the BayWa segments have various environmental and social standards depending on their product ranges, and a portion of the respective products are certified according to these standards (see [Products and solutions sub-chapter](#) .

In the food industry, transparency, traceability and optimum process management play a particularly key role in procurement processes. The Global Produce Segment has implemented, among other things, a quality management system for procurement. Global Produce's suppliers also make a pledge as part of a self-disclosure obligation to comply with relevant laws and standards as well as quality and safety requirements. Moreover, a significant proportion of suppliers in the segment meet the social standards of the International Labour Organization (ILO) and/or other social standards (see [Global Produce Segment section](#) ). ] .

### Guiding principles, structures and processes

[ BayWa maintains business relationships that are, above all, long-term and stable. The Group's segments and their subsidiaries primarily have their own responsibility for procurement processes for goods and services and apply these processes by themselves. To standardise these processes, a Strategic Purchasing department was started at the parent company, BayWa AG, in 2021. Since then, the department has professionalised and managed overarching procurement processes, including in relation to contracts, supplier evaluation, statutory specifications and sustainability. Furthermore, due to the diversity of the BayWa Group's segments, there are different, segment-specific certification standards (see [Products and solutions sub-chapter](#) .

During the reporting period and the previous year, the BayWa Group developed processes and implemented measures that are intended to ensure fulfilment of human rights due diligence obligations, as required by the German Act on Corporate Due Diligence Obligations in Supply Chains (LkSG) (see [Protecting human rights section](#) ). These measures include the integration of clauses in all contracts to require suppliers to abide by human rights and environmental requirements in the BayWa Supplier Code of Conduct and to address these requirements adequately in their own supply chains. BayWa composed the [Supplier Code of Conduct](#)  in 2021.

### Objectives

[ The BayWa Group has a goal of embedding aspects of sustainability into its purchasing practices and decision-making. These requirements have been passed on to existing and new suppliers of the BayWa Group and its subsidiaries under a decisive influence as per the LkSG criteria through a contractual assurance since 2022. BayWa set a goal of all these companies using solely contract templates that include an LkSG-based clause with a link to the BayWa Supplier Code of Conduct for all new contracts by the end of 2022. The clause is being rolled out in the form of a supplement to the main contract when the latter is permanent or extends beyond 31 December 2022. The aim was to send out all these contracts by the end of the year and obtain a signed response by no later than the end of the first quarter of 2023.



#### Supplier Code of Conduct

Learn more online about the guiding principles for joint conduct.

The parent company, BayWa AG, wishes to implement an evaluation system by the end of 2023 for the ongoing evaluation and development of suppliers in relation to sustainability criteria. On top of that, there are plans to create an overarching purchasing manual for BayWa AG in 2023 with sustainability criteria and the increased requirements for human rights due diligence.

A further goal of the BayWa Group is to increase transparency throughout global supply chains in order to contribute to improved human rights and environmental conditions, even among upstream suppliers. ] ✓

### Measures and results

[ The BayWa Group reviewed its value chains in relation to social and environmental issues as part of a risk analysis from 2020 to 2022 (see [Protecting human rights section](#) ☰ ).



BayWa has a goal of increasing its upstream suppliers' transparency in its value chains.

The Supplier Code of Conduct has been integrated into all contract templates of the parent company, BayWa AG, and subsidiaries under a decisive influence as per the LkSG criteria. This means that no new contracts can be concluded in the future if they do not incorporate BayWa's human rights and environmental requirements. Existing suppliers of BayWa AG have received a supplement to their contract. All subsidiaries under a decisive influence as per the LkSG criteria have received the contractual clauses on the Supplier Code of Conduct with a request to implement them and are progressively implementing these clauses (for more about the subsidiaries see [Protecting human rights section](#) ☰ ). Principles for sustainability were developed for the private brands and advertising materials of the BayWa Group during the reporting period and these principles will be considered when determining the product range and in procurement in the future.

Many business divisions at BayWa take as local an approach as possible to procurement, as buying locally shortens transport routes. Of the direct suppliers to the parent company, BayWa AG, in 2022, 95% came from Germany and 99% from Europe.

BayWa r.e. has taken measures to optimise the social and environmental impacts throughout its supply chains. BayWa r.e. evaluated the six core suppliers in selected product categories based on sustainability criteria during the reporting period, and these criteria included environmental as well as social ones. Furthermore, BayWa r.e. has developed its own [Supplier Code of Conduct](#) ↗ and is now progressively integrating it into its contracts with key suppliers. The New Zealand subsidiary, T&G Global Limited, which is part of the Global Produce Segment, similarly introduced a [Supplier Code of Conduct](#) ↗ in 2022. It builds on the one that BayWa AG has.

The Cefetra Group created a [Supplier Code of Conduct](#) ↗ back in 2020. It was shared with all suppliers and revised in 2022 in line with the tightened Group specifications. Cefetra is also pursuing a five-year strategy with an aim of expanding its business to incorporate additives and specialities more strongly, including products and product categories not related to feedstuffs. ] ✓

## Protecting human rights across the value chain

As an international corporation that trades goods and operates sites on all continents, the BayWa Group is strongly involved in complex, global supply chains. It purchases commodities, goods and services from suppliers in over 70 countries (2021: over 65 countries). Upholding human rights throughout these supply chains as well as in its own area of business is a core element of the BayWa Group's corporate responsibility. With its energy, agriculture and building materials business units, BayWa operates in highly labour-intensive fields where there is an increased risk of being linked to a human rights violation. In creating its Social Responsibility and Human Rights Policy Statement, BayWa has committed to being an advocate of human rights in its supply chains.



The Social Responsibility and Human Rights Policy Statement, published in 2022, is based on international conventions and guiding principles.

### Guiding principles, structures and processes

[ The BayWa Group is committed to upholding human rights and continuously fulfils its associated due diligence obligations, as defined in the German Act on Corporate Due Diligence Obligations in Supply Chains (LkSG). BayWa is also subject to further national provisions such as the UK Modern Slavery Act. Its Social Responsibility and Human Rights Policy Statement, which was published in 2022, is based on international conventions and general principles such as the Universal Declaration of Human Rights, including the relevant rights under UN civil and social covenants, the ILO core labour standards and the principles of the UN Global Compact. In conjunction with BayWa's two codes of conduct (the [Code of Conduct](#) and the [Supplier Code of Conduct](#) ), the policy statement summarises the key principles for the Group's conduct and the requirements for the conduct of business partners.

BayWa's guiding principles for its conduct are:

- Upholding human rights
- Mutual respect and integrity
- For equal opportunity, against discrimination
- Commitment to workplace health and safety
- Conscious consumption of resources
- Responsibility in the supply chain
- Social responsibility and
- Ethical business conduct

The goals and requirements that are formulated in the guiding principles are managed through the BayWa social compliance management system, which was implemented by Corporate Social Compliance in 2021 and continued in 2022.

The entire Board of Management bears responsibility for dealing with human rights risks. The Corporate Social Compliance department, which was established in 2021, has four employees and safeguards compliance with statutory specifications. The scope of Corporate Social Compliance comprises BayWa AG and the companies in which it holds an equity interest and a decisive influence as per the LkSG criteria. These companies include most entities in which BayWa has invested, including the major Cefetra Group and Global Produce subsidiaries. BayWa r.e. AG and RWA AG are not subject to decisive influences as per the LkSG criteria, for which reason they implement their own guiding principles and processes in close coordination with Corporate Social Compliance. Corporate Social Compliance works in close dialogue with Corporate Compliance, Corporate Sustainability, Corporate Legal and the purchasing departments.

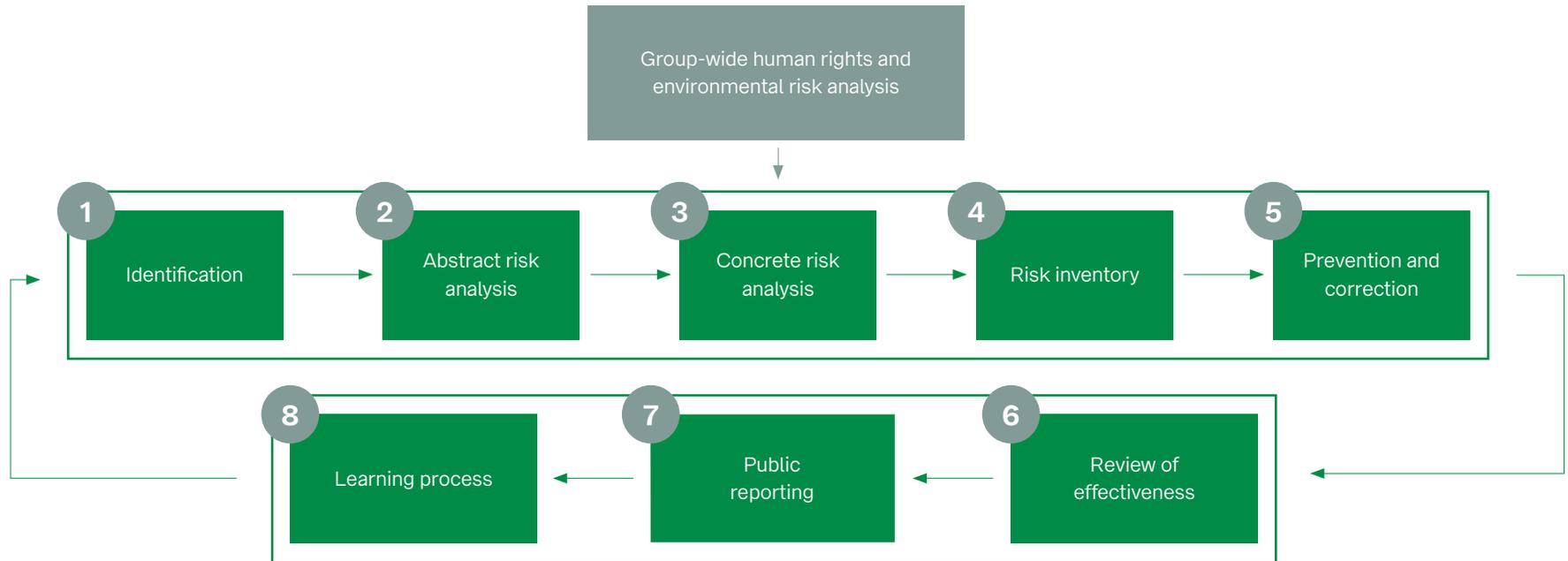


The BayWa Group reviewed the value chains of its business units and segments in relation to social and environmental issues as part of a risk analysis from 2020 to 2022. The Building Materials Segment, which had yet to be examined, was analysed during the reporting period. Direct suppliers of BayWa AG and companies in which it holds an equity interest and a decisive influence as per the LkSG criteria were also evaluated according to country and industry risks. The evaluation is based on a risk model that is adopted from Research Report 543, Die Achtung von Menschenrechten entlang globaler Wertschöpfungsketten (“the upholding of human rights across global value chains”), by the German Federal Ministry of Labour and Social Affairs. All suppliers undergo regular adverse media screening. Self-disclosures on the topics of human rights, the environment, ethics,

workplace safety and responsibility in the supply chain are sent out with the help of an external contractor to suppliers who have an increased risk profile and high relevance (measured by revenue).

The results of the above value chain risk analyses act as a basis for the integration of the risks into the BayWa Group's overall risk management (see [Opportunity and risk management section](#)). The Group's risk managers now evaluate and prioritise the assessed risks each year. In doing so, BayWa has created a basis for a risk inventory that in 2023 will serve as the foundation for specialised audits of focus areas and for corresponding preventive measures and corrective actions.

**Risk analysis for direct suppliers**



If a human rights or environmental risk or a breach by a supplier is identified as part of the screening process, risk analysis, complaint procedure or other processes, corresponding corrective actions are immediately initiated in conjunction with the departments concerned to rectify the deficiencies. Risks and breaches among indirect suppliers are followed up if there is substantiated knowledge of such risks and breaches and remedies implemented either independently or in conjunction with industry initiatives and associations. If the supplier does not resolve the deficiency with suitable measures, this may result in the business relationship being terminated.

BayWa's existing, Group-wide complaint procedure was enhanced in 2022 in accordance with the requirements of the LkSG. Tips can now be reported online in nine different languages. The report categories have also been revised and now include the subjects of human rights, environmental and climate breaches, discrimination and workplace safety, among others. A coordinator is defined for each report made, depending on its nature and scale. At buyer training, the employees are informed about this whistleblower system. Business partners are also made aware of the anonymous whistleblower system in the contractual assurance on the Supplier Code of Conduct. ] ✓



### Objectives

[ The BayWa Group continually fulfils its human rights due diligence obligations and applies the following targets and measures for this:

- Further development of risk management for the (early) detection of human rights and environmental risks in the Group's area of business and among direct suppliers by the end of 2023
- Further development of the risk inventory based on a concrete risk analysis according to severity (scale, scope, irreversibility) and likelihood, and additionally for direct suppliers according to potential influence and cause contribution
- Increase in self-disclosure response rate
- Increase in response rate for contractual assurances within the meaning of the LkSG
- Trigger-based risk analyses going beyond direct suppliers in particularly risky supply chains
- Increase in transparency in the supply chains for BayWa private brands and in risky supply chains in trading business
- Expansion and further development of Group-wide preventive measures and corrective actions, including a training protocol for buyers and suppliers
- Ongoing review of the effectiveness and adequacy of the risk management system by Corporate Audit ] ✓

**Measures and results**

[ A range of measures from the reporting period are already described above under “Guiding Principles, Structures and Processes”, such as the publication of a Social Responsibility and Human Rights Policy Statement and the Group-wide risk analysis which was completed in 2022.

Human rights and environmental risks were identified in the Group’s own area of business in the 2022 financial year. They will be subject to a concrete risk analysis in the 2023 financial year. Most of the risks at present can be categorised as follows: lack of workplace health and safety, greenhouse gas emissions and climate change, loss of biodiversity, pollution and resource consumption. The risks identified in the BayWa supply chains relate to two further categories: health risk for the population and water scarcity/quality loss.

In 2022, BayWa additionally began updating supplier agreements in accordance with the specifications of the German Act on Corporate Due Diligence Obligations in Supply Chains and having them countersigned by the counterparties. Furthermore, the business entities were tasked with revising their contract templates. The new contract clauses are based on the 2021 Supplier Code of Conduct, which meets the requirements of the LkSG and internationally applicable conventions for compliance with human rights provisions (see Procurement section [☞](#)). For suppliers, it acts as clear guidance on BayWa’s requirements for human rights and the environment.



1,010 employees received training on human rights and environmental law in 2022.

Heads of divisions at the parent company, BayWa AG, and senior managers at subsidiaries under a decisive influence as per the LkSG criteria have been informed about the requirements of the LkSG in face-to-face or live online sessions. Moreover, relevant employees in purchasing or similar functions have received training regarding human rights and environmental law and the requirements under the statute. In total, 1,010 employees received training on the topic or had their awareness of it raised during the reporting period. The Code of Conduct and policy statement have been communicated to all employees through the Group intranet.

Adverse media screening and terrorist/sanctions screening at the BayWa Customs & Export department did not identify any breaches of human rights among direct suppliers in 2022. ]

**BayWa r.e.: Human Rights Task Force**

Human rights groups and the UN accuse China of using Uighur people as forced labourers in the Xinjiang region of north-west China. Reports indicate a high likelihood of forced labour in production processes in various industries, including upstream polysilicon production for the solar industry. BayWa r.e. condemns the use of forced labour in the strongest terms possible. After reports came to light about human rights risks in solar supply chains and the likely connections to forced labour, BayWa r.e. set up a Human Rights Task Force in 2021. It has a coordinating role on a range of measures related to human rights and sustainable supply chain practices. Key measures that were developed or continued during the reporting period were the progressive implementation of a [Supplier Code of Conduct](#) [☞](#) based on the principles of the [BayWa AG Supplier Code of Conduct](#) [☞](#). Using a supplier questionnaire, the main suppliers were questioned on various sustainability criteria and evaluated to increase transparency in the supply chain. BayWa r.e. believes firmly that industry-wide efforts and political engagement are required. For this reason, it is involved in multiple working groups with an aim of jointly coming up with preventive measures and corrective actions. They include close collaboration with professional associations such as SolarPower Europe in the [Solar Stewardship Initiative](#) [☞](#) and working groups in the Solar Energy Industry Association (SEIA) in the US.



# Environment & Climate

In its role as a group that operates internationally in the areas of energy, agriculture and building materials, BayWa has an influence on the environment and climate through its business activities. The company wishes to reduce negative impacts as far as possible and to help protect the foundations of people's lives, including with its climate strategy and environmental management. BayWa has access to important levers for reducing carbon emissions, especially in the field of transport and logistics. Along with climate and energy, the company has also defined water as well as ecosystems and biodiversity as core topics in its sustainability strategy.



**€50**

Internal price per tonne of CO<sub>2</sub> starting in 2023. ↗



**Grade B**

BayWa achieved a "B" score in the CDP "Climate Change" category in 2022. ↗



**Water stewardship**

project launched in Spain in 2022. ↗

# Climate and energy

## Energy and emissions



BayWa again achieved a score of B in the CDP climate rating in 2022.

Advancing climate change is one of the largest challenges that humanity faces. As a globally active group trading goods and providing services, BayWa consumes energy and produces relevant volumes of greenhouse gas (GHG) emissions at its sites and across the value chain. BayWa wishes to reduce its emissions and, in doing so, contribute to the Paris Climate Agreement. At the same time, it aims to lower energy costs, which improves economic efficiency. In our direct business operations, our fleet of cars and heavy-goods vehicles, the operation of equipment and the supply of heat to buildings are the main consumers of energy. GHG emissions are also produced beyond the confines of BayWa in its value chains, particularly in purchased goods and services and upstream transportation. BayWa is broadening the consideration of these emissions in its sustainability-related activities so that it can gain a comprehensive view of GHG management.

### Guiding principles, structures and processes

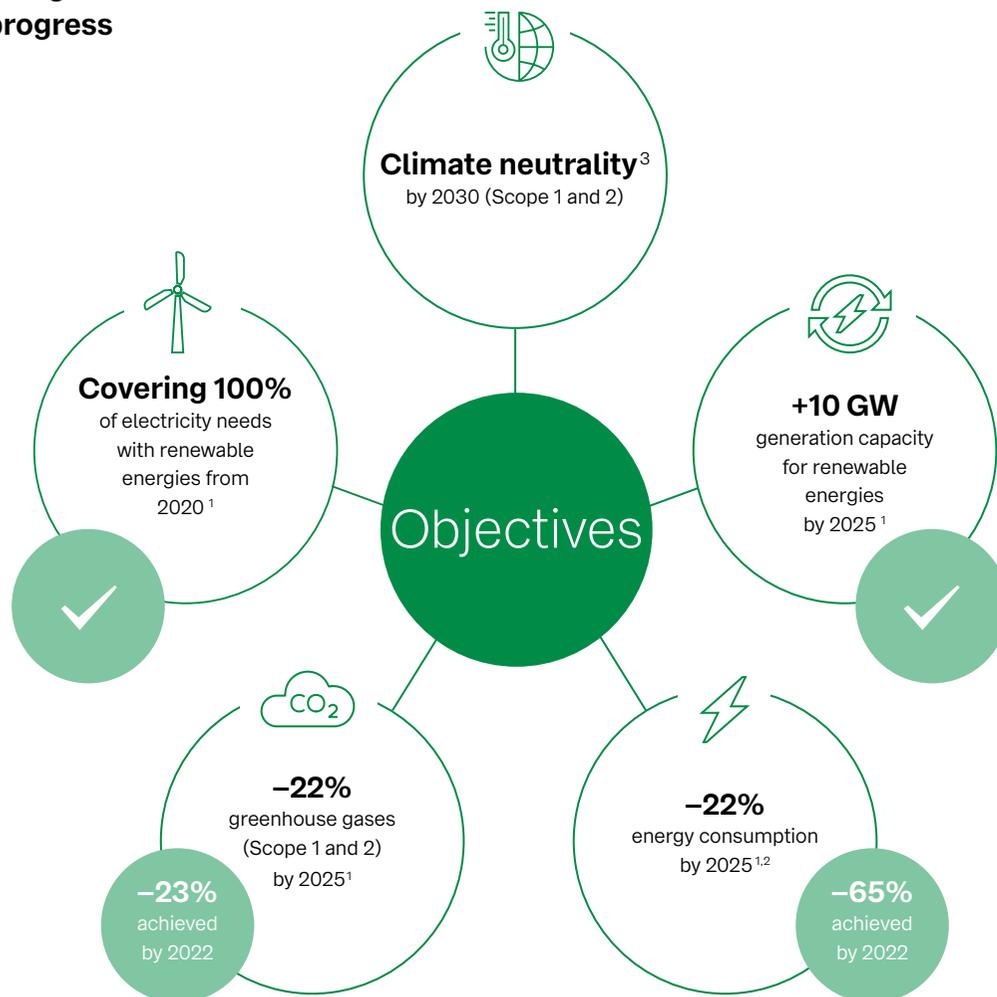
[ The BayWa Group laid the foundations for its contribution to the limiting of global warming through the climate strategy that it adopted in 2018. BayWa orients itself towards a “well below 2°C” target and is striving for climate neutrality for Scope 1 and 2 emissions by 2030. The climate strategy is comprised of five targets (see illustration on page 74  ). The Operational Sustainability Board contributes to the achievement and implementation of these targets. It consists of sustainability representatives from subsidiaries and representatives from specialist areas. There is a climate strategy manual that aims to support subsidiaries and specialist areas with implementation. In addition to providing technical and professional oversight when planning and implementing measures for reducing energy and/or GHG emissions, Corporate Sustainability monitors progress towards the climate targets.

The entire BayWa Board of Management passed a resolution during the reporting period to implement an internal carbon price of €50 per tonne of CO<sub>2</sub> equivalents (CO<sub>2</sub>e). This price will take effect starting in 2023, and BayWa wishes to use the funds that result from it to finance measures for mitigating GHG emissions. Coordinators in each segment will carry out annual action planning in parallel with this. The funds will be distributed to measures and sites with which potential savings can be realised most efficiently. Corporate Sustainability oversees this planning and the administration of the price.

In addition to preventing and reducing emissions, offsets based on carbon credits are a useful instrument for BayWa to contribute to climate protection globally. The corporate policy on carbon offset certificates and electricity guarantees of origin governs the responsibilities and minimum requirements for the purchase of carbon credits and guarantees of origin for green power within the BayWa Group. The policy spells out definitively that the only emissions that can be considered for offsetting are those that cannot be prevented or reduced further at this point in time. Corporate Sustainability monitors and ensures compliance. The quality requirements that must be adhered to concern, for example, criteria on the project standard and, if applicable, additional standards; on the project size (including the maximum annual saving), on the project location and on the year of issue of the carbon credits. The criteria are evaluated with the help of an additional evaluation schema for each project. BayWa puts value on having a diversified project portfolio, alongside its high quality requirements. A working group was established during the reporting period to centralise all processes for purchasing carbon credits.

Since 2018, the BayWa Group has supported the Foundation Development and Climate Alliance (SAEK), which was launched by the German Federal Ministry for Economic Cooperation and Development. The alliance has a goal of linking development cooperation and climate protection through voluntary greenhouse gas offsets. The SAEK’s annual report presented BayWa as a best-practice example for offsetting during the reporting period. Furthermore, BayWa bolsters the realisation of its climate targets through engagement from its membership in the global RE100 initiative, which aims to drive procurement of electricity from renewable energies across the world. BayWa endeavours to report on the subject of climate and emissions transparently and continuously through its extra reporting on initiatives and formats such as the SAEK and ESG ratings such as CDP. ] 

## Climate targets and status progress



1 Base year: 2017

2 In terms of EBITDA

3 BayWa defines climate neutrality as the avoidance, reduction and compensation of remaining Scope 1 and 2 greenhouse gas emissions (CO<sub>2</sub> and other relevant gases with an impact on climate) through investments in high-quality carbon credits.

### Objectives and assessment of progress

[ In its climate strategy, BayWa has set itself the objective of covering 100% of its own electricity needs with renewable energies from 2020 onward – a goal that has been reached again in 2022.

Beyond that, the company has also set itself the goal of reducing the greenhouse gas emissions of BayWa’s locations, company cars and own logistics by 22% compared to 2017 by 2025. These GHG emissions within the BayWa Group had, by 2022, fallen by 23% compared to the base year used for the climate strategy (2017) (until 2021: fallen by 10%). BayWa reached its target in 2022. The significant reduction can be explained by the strong price rises with the energy crisis and the associated cost reduction measures. BayWa is endeavouring to maintain this reduction permanently with corresponding measures from the schema of the internal carbon price. Additionally, BayWa had in its climate strategy set itself a relative energy target: a 22% reduction of energy intensity per euro of EBITDA by 2025, using the 2017 level as a basis. At minus 65% in relation to EBITDA, this target was exceeded in 2022 (2021: minus 43%). This result was able to be achieved thanks to the successful financial performance and the cost reduction measures. BayWa will assess the level of ambition in its targets in 2023 so that the changes in overall conditions are addressed adequately.

Similarly, BayWa had also set a target of creating an additional 10 gigawatts of capacity to generate renewable energies by 2025. The capacity achieved in the reporting period was 11.9 gigawatts (2021: 7.8 gigawatts), meaning that the target has been met early.

The long-term target is climate neutrality for Scope 1 and 2 emissions by 2030.

BayWa is aware of its responsibility for the GHG emissions that arise in the upstream and downstream value chain (Scope 3). The Group therefore plans to define a Scope 3 target for itself in 2023. ]



23% less Scope 1 and 2  
GHG emissions in 2022  
compared to base  
year 2017.

### Collecting and calculating emissions of greenhouse gases

[ With its large number of administrative centres, warehouses, service locations, workshops and cold stores, BayWa has an extremely diverse end consumer structure. The segments and subsidiaries collect consumption data by themselves, and comprehensive energy and climate management was developed for this back in 2018.

BayWa Corporate Sustainability helps companies to collect consumption data by providing relevant tools, a manual and training opportunities. The data collected is checked for plausibility at subsidiary level and then consolidated at Group level. BayWa also collected energy and emissions data from all fully consolidated subsidiaries during the reporting period, reaching 100% coverage for Scope 1 and 2 emissions and partial coverage for upstream emissions, such as those from purchased energy, transportation and business travel. The BayWa Group's GHG emissions are calculated in line with the internationally recognised Greenhouse Gas (GHG) Protocol Corporate Standard. BayWa has chosen the financial control approach as its consolidation approach.

The following emissions are reported:

- **Scope 1:** direct emissions from combustion processes of stationary systems (natural gas, heating oil, wood chips and wood pellets) and mobile systems (fuel from procurement and distribution shipments and other logistics using own and leased passenger cars) and direct emissions of volatile gases (e.g. coolants and refrigerants, methane loss)
- **Scope 2:** indirect emissions from purchased electricity and district heating
- **Scope 3:** indirect emissions from purchased goods and services (3.1), fuel and energy related activities (3.3), upstream transportation and distribution (3.4), business travel (3.6), employee commuting (3.7) and, since 2022, investments (3.15).

In accordance with the GHG Protocol guidelines regarding Scope 2 emissions, BayWa reports its greenhouse gas emissions from electricity in two ways: the "location-based" method using the emissions factors of the respective national electricity mix, or the "market-based" method using the specific emissions factors under the contracts with electricity providers for all the electricity used (if available). BayWa carried out a Group-wide materiality analysis for Scope 3 emissions in 2022

to identify the relevant Scope 3 categories. It determined that the following categories are relevant in addition to the ones already reported on: 3.9 (downstream transportation and distribution), 3.10 (processing of sold products) and 3.15 (investments). The year 2022 is the first time that category 3.15, investments, is being surveyed and reported on. For the other categories, BayWa will renew its efforts in 2023 to set up consistent calculations and integrate them into its climate strategy. ] ✓



### Internal carbon price starting in 2023

The internal carbon price on which BayWa decided in 2022 serves as an additional governance instrument in order to achieve the reduction of GHG emissions that the climate strategy calls for. BayWa's Scope 1 and 2 emissions are priced internally at €50 per tonne of CO<sub>2</sub>e, and the funds derived from it are intended to be used to finance the necessary climate protection measures. The price will take effect for the first time in 2023 and raise approximately €6.8 million.



Group-wide  
materiality analysis for  
Scope 3 emissions in  
2022.

### Measures

[ In 2022, further advances were made in continuously boosting the share of electricity associated with green electricity tariffs and electricity from the Group's own renewable energy systems. Moreover, remaining amounts of electricity from non-green sources were covered by appropriate guarantees of origin for green power. BayWa therefore places a higher priority on self-generation rather than purchasing green electricity or guarantees of origin.

BayWa carried out an assessment of potential in 2021 with possible measures for reducing GHG emissions. Building on it, a decision was made in the reporting period to introduce an internal carbon price from 2023, as described above under Guiding principles, structures and process" (see page 73 [📄](#)).

Numerous segments and their subsidiaries identified and implemented measures to implement the Group-wide climate strategy during the reporting period. Among other things, they brought photovoltaic systems online during the reporting period and took energy efficiency into account when renovating their office buildings. Actions taken to this end included replacing existing lighting systems with more energy-efficient alternatives. They also optimised car, truck and forklift use from an ecological standpoint by doing things like conserving fuel and switching to electric models (see further measures in the [Logistics and mobility section](#) [📄](#)).

BayWa complements its reduction measures by offsetting GHG emissions through the purchase of carbon credits that meet the specifications of the corporate policy. BayWa r.e. AG offsets all operational Scope 1 and 2 emissions and emissions from business travel using high-quality carbon credits (gold standard). The companies BayWa Obst GmbH and TFC Holland B.V. themselves have climate-neutral operations through the reduction measures taken in previous years and through purchasing carbon credits.

There has been a cross-segment working group and guidance for uniform ecological assessment methods within the Group since 2021. BayWa r.e. has surveyed the carbon footprint of its main product categories (including wind turbines, solar modules and inverters) from its core suppliers. The potential climate impacts of systems for generating renewable energies are calculated in order to identify potential greenhouse gas reductions in systems across the entire product life cycle. Further assessments of agricultural products (e.g. soya meal) were commenced during the reporting period. ] [📄](#) ✓

### Performance indicators and results

#### Energy consumption

[ The BayWa Group's energy consumption during the reporting period fell to 649,577 megawatt-hours (2021: 771,078 megawatt-hours). Since 2020, 100% of the BayWa Group's electricity needs have been covered by renewable energies. The share of green power with guarantees of origin was just under 17% during the reporting period (2021: 19%). In-house electricity and heat generation from renewable energy sources rose to 1,157,739 megawatt-hours Group-wide in 2022 (2021: 1,091,988 megawatt-hours). Of that amount, 12,705 megawatt-hours was used by BayWa itself (2021: 21,009 megawatt-hours). ]  Per-employee consumption within the Group fell to 26.9 megawatt-hours (2021: 35.5 megawatt-hours).

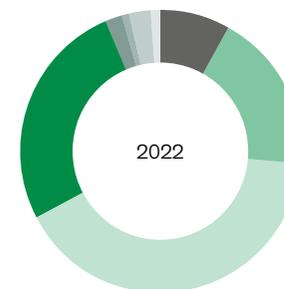
#### Greenhouse gas emissions

[ Within the BayWa Group, greenhouse gas emissions (Scope 1 and 2) amounting to 116,435 tonnes of CO<sub>2</sub>e were generated in 2022 (2021: 137,539 tonnes) ] , corresponding to 4.8 tonnes of CO<sub>2</sub>e per employee (2020: 5.9 tonnes). [ 98% (2021: 98%) came from Scope 1, meaning that these emissions came from the burning of heating oil, natural gas, biogenic combustibles and fuels and from volatile gases. ]  The 3,059 tonnes of CO<sub>2</sub>e in 2022 (2021: 5,063 tonnes) from volatile gases came from things such as refrigerants. The GHG emissions have fallen mainly through the reduction of heating oil and natural gas from energy saving initiatives during the energy crisis and through the changing of heaters.

[ The Scope 3 emissions calculated in 2022 were 39.0 million tonnes of CO<sub>2</sub>e (2021: 44.1 million tonnes). The majority of Scope 3 emissions came from purchased goods and services (Scope 3.1) due to the large amount of trading activities within the company. These emissions amounted to 37.0 million tonnes of CO<sub>2</sub>e (2021: 43.2 million tonnes). Contracted transportation (Scope 3.4) resulted in 970,218 tonnes of CO<sub>2</sub>e Group-wide (2021: 857,492 tonnes). The fuel- and energy-related emissions (Scope 3.3) were calculated for the whole Group and came to 23,610 tonnes of CO<sub>2</sub>e for 2022 (2021: 29,408 tonnes).

The BayWa Group offset 129,622 tonnes of CO<sub>2</sub>e in its Scope 1, 2 and 3 emissions by purchasing carbon credits in accordance with its corporate policy during the reporting period. ]

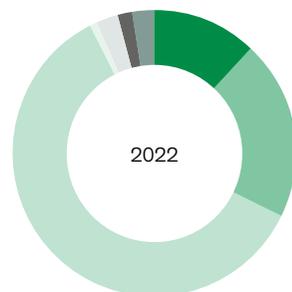
### Energy consumption by energy source for the BayWa Group



In megawatt-hours	2020	2021	2022
<b>Total</b>	<b>717,182</b>	<b>771,078</b>	<b>649,577</b>
Heating oil <sup>1</sup>	66,506	80,316	52,862
Natural gas <sup>2</sup>	175,166	193,791	118,994
Fuels <sup>3</sup>	260,884	257,066	265,703
Electricity <sup>4</sup>	168,375	188,323	171,030
Electricity and heat from our own renewable energy sources	18,771	21,009	12,705
Biogenic combustibles <sup>5</sup>	3,014	3,897	4,939
District heating	24,094	25,882	16,649
Other energy consumption	372	794	6,695

- 1 Heating oil for heating and drying purposes
- 2 Natural gas for heating, drying and other purposes
- 3 Diesel, petrol, propane, LPG and CNG
- 4 Including electricity for cars
- 5 Comprises wood pellets (2,388 megawatt-hours) and wood chips (2,551 megawatt-hours)

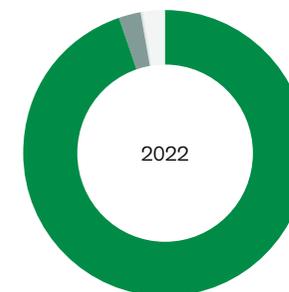
**Greenhouse gas emissions due to energy consumption (Scope 1 + 2) at the BayWa Group**



in t CO <sub>2</sub> e	2020	2021	2022
<b>Total Scope 1 + 2</b>	<b>132,728</b>	<b>137,539</b>	<b>116,435</b>
<b>Scope 1</b>	<b>129,518</b>	<b>134,448</b>	<b>113,596</b>
Heating oil <sup>1</sup>	17,678	21,318	14,046
Natural gas <sup>2</sup>	35,428	39,219	24,031
Fuels <sup>3</sup>	69,806	68,789	70,601
Biogenic combustibles <sup>4</sup>	47	59	75
Volatile gases	6,559	5,063	3,059
Other energy consumption			1,784
<b>Scope 2 <sup>5</sup></b>	<b>3,210</b>	<b>3,091</b>	<b>2,839</b>
Electricity	0	0	0
District heating	3,210	3,091	2,839

- 1 Combustion of heating oil for heating and drying purposes
- 2 Combustion of natural gas for heating, drying and other purposes
- 3 Combustion of diesel, petrol, propane, LPG and CNG
- 4 Out-of-scope emissions for biogenic combustibles: 1,736 t CO<sub>2</sub>e
- 5 The market-based method was used for the calculation; values according to the location-based method: electricity 75,462 t CO<sub>2</sub>e (2021: 84,390 t CO<sub>2</sub>e), district heating 2,842 t CO<sub>2</sub>e (2021: 4,419 t CO<sub>2</sub>e)

**Greenhouse gas emissions (Scope 3) at the BayWa Group**



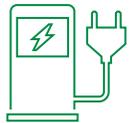
in t CO <sub>2</sub> e	2020	2021	2022
<b>Total Scope 3</b>	<b>10,151,516</b>	<b>44,143,728</b>	<b>39,005,558</b>
3.1 Purchased goods and services <sup>1</sup>	8,809,954	43,217,265	37,006,537
3.3 Fuel- and energy-related emissions <sup>2</sup>	24,467	29,408	23,610
3.4 Transportation and distribution (upstream) <sup>3</sup>	1,286,871	857,492	970,218
3.6 Business travel	1,372	2,450	7,062
3.7 Employee commuting <sup>4</sup>	28,852	37,113	26,575
3.15 Investments <sup>5</sup>	-	-	971,555

- 1 As a result of the expansion of collection to include additional companies and of the partial use of more precise emissions factors, the figure for 2022 is not comparable with prior-year figures. The data covers more than half of the Group's companies. Packaging materials are largely excluded. The data may include duplication due to inter-company sales.
- 2 Pre-chain emissions from all energy sources used from Scope 1 and 2
- 3 Quantity-based calculation of contracted transportation based on collected tonne-kilometres
- 4 Modal split from primary data (Germany) and secondary data (partly country specific). The disclosures include estimates.
- 5 Calculated for the first time in 2022

## Logistics and mobility

BayWa is a trading company and moves a large number of goods with heavy-goods vehicles, trains, ships and aeroplanes, which produces greenhouse gas (GHG) emissions. For this reason, the optimisation of logistics activities plays a key role in the BayWa sustainability strategy for the reduction of GHG emissions.

The majority of transportation activities are provided by external contractors, with only a small portion being carried out with the Group's own heavy-goods vehicles. One of the challenges in reducing emissions is the low availability of low-emission alternatives for long-distance cargo routes and of charging infrastructure, especially in rural areas. The high energy costs and low water also represented a challenge during the reporting period.



Continuously converting the fleet to alternatives with lower emissions.

When it comes to logistics and mobility, employee commutes also play a role in the reduction of GHG emissions.

### Guiding principles, structures and processes

[ All matters relating to the vehicle fleet are organised at the parent company, BayWa AG, through its Fleet Management department. This department has the task of managing the Group's fleet efficiently, optimising processes, lowering costs and operating sustainably. It accomplishes this task with the help of a vehicle fleet policy, company car rules and a car policy. The German subsidiaries are largely also guided by Fleet Management at BayWa AG. The international subsidiaries each organise operational transport and logistics by themselves. ] ✓

The BayWa Group generally pursues the following strategic approaches to reduce emissions in the field of logistics:

- Creating optimal distribution structures through network planning
- Increasing the number of shipments by rail and inland waterways
- Emission reductions from route optimisation, driver training and fleet modernisation
- Conversion to alternatives with lower emissions

### Objectives

[ To reduce greenhouse gas emissions in accordance with the climate strategy, the fuel consumed for the transportation of goods in particular must be lowered. BayWa is taking measures such as gradually converting its vehicle fleet to alternative drive technologies while taking into account the availability and suitability of such technology for the respective application. As a result, BayWa is currently focusing on vehicles with hybrid and electric motors. The parent company, BayWa AG, aims to ensure that at least 20% of its fleet is made up of electric and hybrid vehicles by 2025, primarily replacing diesel vehicles. A result of over 12% had been achieved in 2022.

Some subsidiaries have set their own targets and are similarly making greater efforts to convert their fleets to lower-emission electric vehicles. At BayWa r.e., for example, only electric vehicles will be allowed to join the vehicle fleets in Germany starting in 2023. Alternative motor technologies, such as hydrogen, are planned to join electric technology in the medium to long term and open up additional applications for commercial vehicles, for instance. ] ✓

### Measures

[ To reduce environmental impacts from its own transportation processes, BayWa is implementing a range of activities and measures. In 2021, an analysis identified major potential in areas such as logistics optimisation and drive technologies for the reduction of GHG emissions from the Group's transportation activities.

The parent company, BayWa AG, has used intelligent route planning that calculates the shortest routes possible for a number of years now. All its own heavy-goods vehicles as well as some heavy-goods vehicles of partner companies have now had telematics equipment installed. To guarantee the best utilisation and route planning possible, a number of companies cooperate with specialised logistics service providers, with distribution processes steadily being made leaner. Furthermore, transport is arranged in some cases on a cross-business basis to make optimal use of transport capacities. The employees of BayWa AG regularly receive driver training to learn how they can reduce GHG emissions by driving in a way that conserves fuel. The Wood Pellets business entity also utilised inland waterway barges for the first time in 2022 to avoid long-distance transportation by heavy-goods vehicles.

The Building Materials and Agri Trade & Service Segments have been testing electric forklifts since 2020 with the aim of gradually replacing diesel with electric technology in heavy-duty forklifts. In the Building Materials Segment, approximately 67% of the lift and powered industrial trucks in 2022 (2021: 60%) had an electric motor, which corresponds to approximately 400 trucks (2021: 300 trucks). The electricity used for the batteries comes from the sites' own photovoltaic systems or from contracts for green power.

For company cars at the parent company, the BayWa car policy allows a maximum of 120 grammes per kilometre for carbon emissions, apart from a few exceptions (e.g. towed loads). BayWa is also constantly modernising its own fleet with more efficient motors. ] ✓

The BayWa head office in Munich provides 140 charging points for employees' electric vehicles. There are additionally multiple public quick charging stations.

Among the international subsidiaries, there have been initiatives similar to those at BayWa AG, e.g. intelligent route planning, driver training and pilot projects for switching drive technologies. At Cefetra, for instance, part of the company car fleet is electric and an array of new charging stations has been installed. Cefetra Benelux switched all its contracted transportation by heavy-goods vehicles (approximately 500,000 kilometres) to fossil-free HVO100 fuel in 2022. This fuel is made from hydrotreated vegetable oil and produces up to 90% less carbon emissions. The project is being continued in 2023.



All heavy-goods vehicles that Cefetra Benelux contracted to transport goods in 2022 ran on fossil-free HVO diesel fuel.

### Results

[ In the 2022 reporting period, the BayWa Group used 14.9 million litres of diesel fuel (2021: 15.9 million litres) for the use of its own and leased trucks. This fuel consumption caused GHG emissions of an amount of 39,524 tonnes of CO<sub>2</sub>e (2021: 42,139 tonnes of CO<sub>2</sub>e).

The majority of goods from BayWa AG were transported by transport and logistics service providers. To calculate greenhouse gas emissions caused by logistics service providers, BayWa consistently records the transport service provided in tonne-kilometres. A total of 55 billion tonne-kilometres (2021: 56 billion tonne-kilometres) resulted from truck, rail, air or ship transport by service providers in 2022. This resulted in the emission of approximately 970,218 tonnes of greenhouse gases (2021: 857,492 tonnes) through outsourced logistics activities. Although tonne-kilometres have fallen slightly, GHG emissions have increased. In light of the shortages in the shipping and rail freight markets and the changed flows of goods, transportation by heavy-goods vehicle had to make up for the demand in 2022. ] ✓

The fleet during the reporting period included 715 vehicles with alternative drive systems across the Group (2021: 608 vehicles), equal to a share of 13% (2021: 12%). The alternative drive systems used were hybrid, gas, electric, fuel cell and hydrogen.

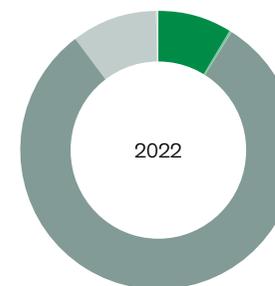
### Greenhouse gas emissions from transport at the BayWa Group ✓

in t CO <sub>2</sub> e	2020	2021	2022
Own and leased trucks <sup>1</sup>	44,549	42,139	39,524
Contracted transportation (Scope 3.4) <sup>2</sup>	1,286,871	857,492	970,218

1 Diesel combustion in own and leased trucks

2 Quantity-based calculation of contracted transportation based on collected tonne-kilometres. The disclosures include estimates.

### Contracted transportation by type of transport at the BayWa Group ✓



In tonne-kilometres	2020	2021	2022
<b>Total</b>	<b>65,950,609,373</b>	<b>56,018,698,652</b>	<b>55,438,422,329</b>
Truck	6,921,144,458	3,425,760,757	4,840,923,053
Train	441,041,086	384,374,412	198,104,110
Bulk cargo carrier	42,720,524,019	46,812,287,092	44,726,422,595
Ship	15,841,193,146	5,309,054,778	5,597,842,839
Air freight	26,706,664	87,221,613	75,129,732

# Environment

## Environmental management

As a trading and services company, BayWa's business activities have an impact on the environment in many ways. For example, direct impacts may arise at its own sites or when transporting goods.

### Guiding principles, structures and processes

The Corporate Environment, Health & Safety (EH&S) organisational unit makes sure that all BayWa companies comply with the relevant national requirements on environmental protection. The EH&S coordinators and managers are responsible for the operational implementation of the standards in the segments. Corporate EH&S advises and supports those responsible within the segments and at subsidiaries and reports regularly on key developments and legal provisions on environmental protection.

To prevent environmentally harmful incidents, and to limit their scope in case of damage, BayWa observes specific standards pertaining to such things as the transport of hazardous goods, waste law and the warehousing and storage of hazardous substances. Corporate EH&S is responsible for developing and standardising Group-wide standards. For sites that fall within the scope of the German Hazardous Incident Regulation (Störfallverordnung), there has been a uniform safety management system since 2021. At 10 subsidiaries of BayWa r.e., environmental management is done through an environmental management system certified according to ISO 14001.

### Objectives, measures and results

Corporate EH&S at the parent company, BayWa AG, has a hazardous substance management section that drives Group-wide content management for the collection of product data for hazardous substances and goods. It implements structures for the correct handling of hazardous substances within the company and the safe transportation of hazardous goods. It obtains, among other things, safety data sheets from manufacturers and suppliers and manages them in a system.

The safety data sheets at BayWa AG are automatically sent to customers in a digital format in order to meet the legal requirements when hazardous substances are put on the market. Customers and employees also have access to the documents via the internet and intranet.

BayWa continues to pursue two aims: The first is sensitising employees more strongly to the issues and challenges surrounding environmental management. Furthermore, BayWa seeks to continuously improve training on environmentally relevant processes in the transportation of hazardous goods and storage of hazardous substances and on waste management and disposal. To that end, the established seminar concept in the area of environmental management is constantly being further developed. There has been an EH&S Academy since 2021 that has a boosted offering of digital training. The parent company, BayWa AG, collected the following in 2022:

- 83<sup>1</sup> training courses on environmental management (2021: 121 training courses)
- 1,782<sup>1</sup> employees who participated in these training courses (2021: 2,632).

BayWa also has the objective of digitalising all environmentally relevant documentation and simplifying processes for the implementation of environmentally relevant measures. The BayWa AG has already successfully digitalised the documentation and will push ahead with further digitalisation of environmentally relevant processes in the coming years.

Altogether, 105 claims involving damage (such as heating oil or fuel that leaked) were responsible for total expenditures (including clean-up and compensation) at the parent company of approximately €305,000 in 2022 (2021: 92 claims, approximately €375,500).

<sup>1</sup> Number cannot be compared year on year as there is no yearly training schedule.

## Waste and recycling

At BayWa, waste accrues as part of the Group's business activity, which means that disposing of it professionally and in a legally compliant manner is important and a matter of course for the Group. Violations can harm the environment and nature, and entail steep fines for the company. BayWa is also paying greater attention to resource- and eco-friendly use of packaging.



BayWa AG has started a project to optimise delivery packaging materials.

### Guiding principles, structures and processes

Waste management at the parent company, BayWa AG, is the responsibility of Corporate Environment, Health & Safety (EH&S) and is overseen by three employees. Ongoing training ensures that the employees possess the necessary expertise. The subsidiaries are independently responsible for the implementation of guidelines and measures. Clear lines of responsibility and central management also ensure effective waste management in this area. BayWa uses the following waste hierarchy for orientation: prevent, recycle, dispose.

Standardised BayWa AG instructions on dealing with waste and proper disposal channels ensure that environmentally harmful incidents, either at its locations or when transporting waste, are avoided and the impact of incidents is limited. These instructions usually pertain to a type of waste or to entire waste categories. Long-term partnerships with carefully selected disposal companies that operate nationally make it easier to monitor and control the processes. The subsidiaries are responsible for their own corresponding instructions for dealing with waste.

The parent company, BayWa AG, supports the establishment of collection points at its locations and organises regular campaigns to take back waste. More than 130 sites are registered as collection points of GVÖ Gebinde-Verwertungsgesellschaft der Mineralölwirtschaft mbH (collection organisation for containers in the petroleum industry). Customers can use these points free of charge to dispose of corresponding waste.

### Measures and objectives

BayWa aims to continuously reduce the amount of waste generated throughout the Group while increasing the recycling rate. Making packaging recyclable and compatible with a circular economy and reducing packaging material are objectives in the new sustainability strategy. By using circular materials and efficient design, packaging for private brands is planned to progressively be designed in such a way that resources are conserved.

The BayWa AG launched a project on the topic of optimising and standardising delivery packaging materials in 2022. One of its aims is to ensure that new variants are more sustainable when there are changes in the packaging.

To reduce the occurrence of waste and increase the recycling rate, the parent company, BayWa AG, prepares interactive information about waste management on the intranet continuously and communicates it to employees in a targeted fashion. This is aimed at raising their awareness concerning the issues of waste and recycling and motivating them to take action. The Digital Signature project, using the DocuSign program, results in less paper being consumed and has been successfully established at BayWa AG. The subsidiaries are also making their own efforts to reduce the volume of waste they accrue.

In the Global Produce Segment, suitable packaging for fresh products is essential. Firstly, the products must be packed safely and in a way that keeps them fresh for a long time. Global Produce simultaneously endeavours to reduce its volume of packaging material as well as to make the material that is used more sustainable. BayWa Obst, for instance, can offer plastic-free packaging such as cellulose nets or FSC-certified cardboard packaging for organic products. Three additional packaging machines were installed in 2022 to raise the capacity for plastic-free packaging further. Furthermore, TFC expanded its range of plastic-free packaging in 2022, adding further categories like mango, avocado and lime.

T&G Global successfully transitioned the product (PLU) labels on apples in Europe to industrially compostable labels in 2022. At the same time, the company is continuing to test the introduction of home-compostable product labels which can be used in all product categories and meet the demands of a global supply chain.

BayWa r.e. looks continuously for optimisation options for improving its products' recyclability and for using recycled material. A pilot project in Sweden made use of lower-carbon concrete for a wind farm's foundations. Because part of the cement is replaced with slag, there is 20% less carbon dioxide than with traditional concrete.

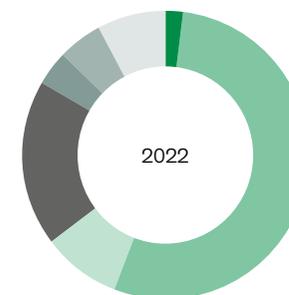
**Results**

The Group-wide waste occurrence rose to 47,912 tonnes in 2022 (2021: 37,093 tonnes), with roughly 54% (2021: 43%) being recycled.

Across the Group, 1,096 tonnes (2021: 1,023 tonnes) of hazardous waste (hazardous substances such as oils for machines, gears and lubrication; oil filters, starter batteries or other dangerous substances such as fuels, contaminated packaging and solvents) were disposed of professionally in accordance with instructions during the reporting period. Just under 4,538 tonnes of hazardous waste were recycled.

The parent company, BayWa AG, received 5,651 tonnes of waste in 2022 (2021: 5,552 tonnes) through its provided return facilities and at waste collection points set up at the sites.

**Waste by disposal method at the BayWa Group**



In tonnes	2020	2021	2022
<b>Total <sup>1</sup></b>	<b>43,310</b>	<b>37,093</b>	<b>47,912</b>
Reuse	1,009	738	1,048
Recycling	17,808	15,771	25,738
Composting	4,613	4,464	4,245
Reuse incl. combustion with energy recovery	6,356	7,880	8,940
Thermal treatment	1,360	1,673	1,949
Landfill	3,607	3,540	2,326
Warehousing	21	49	41
Other methods of disposal	2,190	2,978	3,625

<sup>1</sup> The values for the previous years have been revised due to adjustments of the data.

## Ecosystems and biodiversity

Ecosystems and biodiversity are essential foundations for people's lives, and the endangerment of them is a major challenge for the world. The causes of the growing loss of species diversity include changes in land usage due to urban sprawl and agriculture, climate change and nutrient and pollutant levels. BayWa is aware that it has an influence on ecosystems and biodiversity with its business activity. This influence comes directly from its sites as well as the supply chain, through the commodities and products that are traded. Biodiversity, for example through insect pollinators, also represents a key foundation of food production and therefore BayWa's business in the field of agriculture.

### Guiding principles, structures and processes

BayWa has defined ecosystems and biodiversity as a core topic in its sustainability strategy. The company wishes to support the protection of biodiversity and the creation of near-natural spaces at its sites, including through its product range in conjunction with its suppliers. A Group-wide biodiversity protocol has not yet been established at BayWa. The segments and subsidiaries have so far implemented a variety of individual measures to protect species diversity.

### Objectives

BayWa has laid out strategic objectives on three sub-topics in its sustainability strategy:

- Management of biodiversity and land at sites: BayWa seeks to commit to protecting biodiversity and using land efficiently through projects and measures at its sites.
- Management of biodiversity in supply chains: BayWa seeks to work in partnership with focus suppliers on approaches and strategies to protect biodiversity when manufacturing/using products.
- Agricultural supply chains with no deforestation and no land conversion: BayWa also aims to ensure that its agricultural products come from supply chains with no deforestation and no land conversion.

### Measures

The Agri Trade & Service Segment offers products, advice and services to help its customers carry out agricultural production while simultaneously preserving high biodiversity. It offers, among other things, special seed mixtures for cultivating flowering plants, seed for diversified crop rotations and satellite-based soil analysis, which helps to cultivate biodiverse land.

Another important approach is digital solutions for agriculture. With precision farming, for example, the focus is on using fertilizer, crop protection products or water more efficiently. The Agri Trade & Service Segment has a "BayWa Öko" concept, offering a fully extensive range of products and advisory services to organic farmers.

CITYGREEN Gartengestaltung GmbH, a subsidiary of RWA AG, deals with the planning and realisation of property vegetation in indoor and outdoor areas. The company aims to increase biodiverse spaces in urban settings. With rooftop vegetation systems and also an option for green façades, CITYGREEN offers innovative solutions to counteract the consequences of global heating.

The BayWa subsidiary BayWa r.e. takes a two-pronged approach to how its business activities affect biodiversity. Firstly, expansion of renewable energies fundamentally helps to lessen climate change. Changes in temperature and the climate have direct impacts on species diversity. Secondly, the construction and operation of wind farms and solar parks directly affect the habitats of animals and plants. There exist legal provisions to protect species diversity. Furthermore, ground-mounted solar systems in particular can make a positive contribution to local species diversity with appropriate planning and maintenance. By signing the new version of the "good planning" document organised by Germany's Association of Energy Market Innovators during the reporting period, BayWa r.e. has committed to implementing initiatives for species protection and minimising negative impacts when planning, constructing and operating solar parks. One key driver of the diversity of species around these solar facilities is the extensive use and maintenance of the green land between the rows of panels.



BayWa r.e. is a signatory to a voluntary commitment for "good ground-mounted PV planning".

Cefetra trades feedstuff ingredients, including soya. During the reporting period, Cefetra obtained certification for 1.4 million tonnes of soya according to sustainability standards, one of them being the Certified Responsible Soya (CRS) standard (see [Products and solutions sub-chapter](#)). The CRS standard is made up of the following principles: The producers take measures to limit the potential negative impacts on the land used for soya production and on biodiversity in the direct surroundings of the production location. These measures include a commitment to production with no deforestation or land conversion, based on a strict reference date: May 2009. During the 2022 reporting period, Cefetra B.V. carried out a risk analysis on the impacts of its main products on topics such as biodiversity.

The fruit producers in Global Produce's supply chain use modern production methods, especially integrated production (IP). The latter lessens the impacts on natural resources. Biological, technical and chemical processes are weighed up and combined optimally. Furthermore, BayWa Obst processes a significant portion of fruit that is produced according to the guidelines for organic farming, which means without using chemical and synthetic fertilizers or crop protection products that could be harmful to beneficial organisms. In terms of the fruit farmers in Germany who supply their goods to BayWa Obst, roughly 25% of their trees are already grown according to the guidelines of organic associations Bioland, Naturland or Demeter.

Moreover, BayWa Obst's German fruit suppliers have since 2010 grown roughly 260 hectares of flowering plants, installed more than 700 nesting aids for bees and cultivated hedge and island plantations with more than 14,000 groves.

T&G Global also supports flora and fauna in New Zealand, for example by planting native plants along watercourses in order to create new habitats and stop the loss of habitats from erosion. Worldwide Fruit launched a new biodiversity project in supply chains for 2022. It aims to capture a well-founded snapshot of the current situation and identify specific measures to adapt cultivation methods in such a way that biodiversity is supported and beneficial organisms protected.



### Eco solar biotope

RWA Solar Solutions, a subsidiary of RWA AG, has brought a special project to life in Austria. The company operates a large-scale photovoltaic facility on an approximately 5 hectare site whilst simultaneously increasing biodiversity. A wide variety of grasses and herbs have been planted, native shrubberies set in place and parts of the land kept as special flowering spaces. The concept was created in conjunction with the University of Natural Resources and Life Sciences in Vienna, which is overseeing the project for three years.



## Water and waste water

Water is the foundation of all life on earth. Rising consumption and climate change in particular are causing increasing water scarcity in many of the world's regions. Viewed globally, agricultural irrigation consumes the most water, with approximately 2% of water intake in Germany being for this purpose.

The subject of water also has business risks. Water scarcity, contamination and distribution problems as well as statutory regulations can result in shortages in supply or production, outages or even a decline in product demand. Since water is a local resource, the management of water also requires a context-based approach.

### Guiding principles, structures and processes

For BayWa, a trading company in the fields of energy, agriculture and building materials, having clean and abundant water is heavily important. It is a resource that is particularly relevant to agricultural production. It affects BayWa directly through its Global Produce Segment and indirectly throughout the entire agricultural division. However, water-related risks can exist even outside of agriculture, and at the Group's own sites too, so these risks must be avoided and reduced accordingly. Proper waste water handling is also important and BayWa naturally sees this as essential.

The central Corporate Sustainability department is in charge of ensuring sustainable water management for the BayWa Group. Measures are implemented jointly with the operational segments and the cross-section functions that are close to the topic.



BayWa wishes to implement a water stewardship strategy by 2025.

### Objectives

For BayWa, it is essential to manage the complex and context-based risks that are related to water. It therefore wishes to analyse water-related risks and develop management systems on the topic in the future. BayWa has defined water as a core topic in its sustainability strategy (see [Strategy and Governance chapter 36](#)). It aligns itself with the UN Global Compact and WWF recommendations for context-based water management and water stewardship. The company has set the following strategic targets for this:

- An analysis of water-related risks at sites and in key supply chains is planned to be carried out by 2025.
- Building on it, BayWa wishes to establish management systems with corresponding measures for the topic of water by 2030. It plans to employ context-based water management adapted to local conditions.
- Additionally, BayWa wishes to implement a water stewardship strategy by 2025, and reduced the identified water-related risks across the value chain together with its partners.

### Measures and results

The Global Produce Segment recognised the relevance of water to its business very early on. Measures have been initiated for this reason at a number of subsidiaries. Water treatment plants at the two sorting facilities of BayWa Obst GmbH and at the T&G Fresh tomato farms in New Zealand ensure that a significant proportion of process water is recycled.

Worldwide Fruit, a British subsidiary of T&G Global, has also classified water- and climate-related risks as strategically relevant. The company procures fruit from regions such as the Western Cape province in South Africa, which is continually affected by drought. To reduce these risks, Worldwide Fruit works together with non-governmental organisations and universities and carries out research with partners in water catchment areas.

As a signatory of the Courtauld Commitment, a sustainability initiative in the food sector, the T&G Global subsidiary is involved in projects such as the Water Ambition Project led by the WWF. It analyses and reduces water-related risks. In 2022, Worldwide Fruit also took its first steps in Spain to launch a water stewardship programme with multiple partners.

In the Agri Trade & Service Segment, BayWa offers various products that help customers to reduce their water usage when farming. They include, for example, the satellite-based VariableRain system for targeted irrigation or micro-irrigation, which is used for purposes such as permanent crops like grapevines and fruit or when farming vegetables. Water barely evaporates with this form of drip irrigation and the space between the crop rows remains dry, so this method results in large reductions of water consumption. During the reporting period, BayWa also invested in the start-up Spherag, which has developed a solution that can be used to digitalise existing irrigation systems (see [Products and solutions sub-chapter 36](#)).

Water intake across the Group came to approximately 1.8 million cubic metres (2021: approximately 2 million cubic metres), with 29% (2021: 25%) being recycled or reused.

# Employees

BayWa is an international employer with employees in 41 countries, whose cooperative roots and regional unity continue to shape how it sees itself. The ONE HR strategy forms the foundation for human resources work and includes action areas such as Leadership & People Development, Inclusion & Diversity and New Work. BayWa also places importance on workplace health and safety and preventative protection at its sites.



**9 years**

The average length of service within the BayWa Group in 2022. ↗



**BayWa Pride network**

The BayWa Pride network was established in 2022 with a goal of developing a network for the LGBTQ+ community. ↗



**14**

BayWa offers 14 apprenticeships. ↗



# Human resources strategy

## Guiding principles, structures and processes

[ The ONE HR strategy has formed the foundation of the BayWa Group's human resources work since 2018. The strategy was optimised and revised in 2021. An HR mission encompassing the entire Group as well as five strategic action areas are the cornerstones. BayWa's ONE HR mission comprises three principles:

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

## HR strategy



### 1. HR – operational business



### 2. Recruiting & Employer Branding

Inspiring, recruiting and gaining the loyalty of the best people with strong employer branding.



### 3. Leadership & People Development

Combining talent development with life-long learning and creating success



### 4. Inclusion & Diversity

Making the difference together



### 5. New Work

Providing guidance and support on the journey to the world of tomorrow ] ✓

All HR activities have a steady focus on digitalisation and are aligned with the strategic goals and needs of the BayWa Group. HR is a key force driving corporate culture and a strategic partner to the business divisions.

The HR structure is aligned with the requirements of operational business and the corporate strategy, with a focus on the following core topics:

- **Global collaboration for combined HR expertise:** We create the necessary conditions so that our expertise as the ONE HR team can add value throughout the world. In order to be effective across the Group and capitalise off global synergies, the HR managers of the major subsidiaries report functionally to the HR management of the BayWa Group. The expert HR knowledge is made accessible to the entire BayWa Group.
- **Focus on Germany:** The BayWa Group's activities are focused on Germany. The HR Germany division ensures that we can do our core business justice and gear ourselves towards its needs and requirements.

**Objectives**

BayWa pursues strategic topics and objectives in the areas of inclusion and diversity (p. 93) as well as learning and development (p. 97). Due to the labour shortage, the topic of learning and development is highly relevant for revealing development opportunities and positively influencing employee loyalty and satisfaction. BayWa seeks to counteract the labour shortage in the long term by pursuing these objectives. The relevant chapters of this report provide an overview of where the company stands on various subjects as well as results from the reporting period.

**Measures**

The Leadership Conference 2022 was held in December 2022, with over 300 attendees coming together under the motto of “Where worlds meet.” The focus topics were the current economic and political challenges, sustainability and employer branding.

The BayWa Group's five Next Leadership Principles, which were defined in 2020, have grown to become a key element of the leadership culture. To implement these principles, they are made an element of the leadership training at BayWa AG. The annual employee assessments also ask specifically about the extent to which the relevant manager practises the Next Leadership Principles.

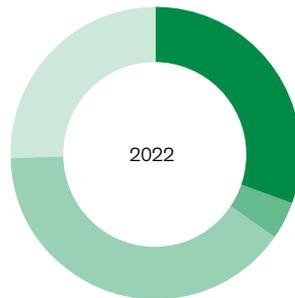
**The BayWa Group's Next Leadership Principles**

<b>Purpose</b>	At the BayWa Group, we take care of people's basic needs. I convey this awareness to my employees continually because our work makes a valuable contribution to society.
<b>Connection</b>	I actively seek contact with colleagues, employees, customers and business partners, whether face to face, digitally or in a hybrid format. I understand that we are united for success.
<b>Authenticity</b>	I consistently bring my personality and values to my role as a leader – this is essential for having a lasting effect.
<b>Trust</b>	I take care that the trust in my employees grows, because this is the foundation of a strong team.
<b>Appreciation</b>	I appreciate the value and contribution of each individual employee. Together, we are what makes BayWa.

### Employee structure<sup>1</sup>

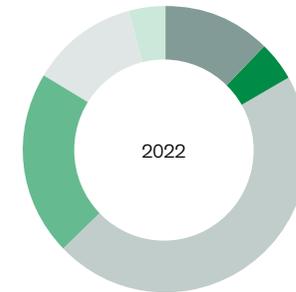
The number of employees at the BayWa Group increased in 2022. At the end of the year, the Group employed 24,287 people in 43 countries worldwide (2021: 23,156). Across the Group, 11.5% of employees work part-time (2021: 11.3%) and 15.2% on a temporary contract (2021: 17.6%). The share of employees who are male is 70.4% (2021: 70.3%), while 66.9% of employees are aged between 26 and 54 (2021: 66.1%). Six employees have reported as being gender-diverse.<sup>2</sup>

### BayWa Group employee structure



In percent	2020	2021	2022
Industrial, male	32.7	31.8	30.6
Industrial, female	7.6	5.8	4.3
Commercial, male	36.9	38.5	39.8
Commercial, female	22.8	23.8	25.3

### BayWa Group age structure



In percent	2020	2021	2022
≤25, male	13.3	12.9	12.4
≤25, female	5.8	5.0	4.5
26–54, male	44.2	45.4	45.9
26–54, female	20.7	20.7	21.0
≥55, male	12.1	12.1	12.1
≥55, female	3.9	3.9	4.1

### Length of service and employee turnover

The average length of service within the BayWa Group in 2022 was 8.8 years (2021: 9.3 years). The employee turnover across the Group was 12.5%<sup>3</sup> (2021: 13.4%). There were 5,293 new recruits<sup>3</sup> (2021: 4,709), compared to 2,717 employees who left.

1 This includes all employees in active employment. These disclosures are therefore not comparable with the management report.

2 The gender mix in the tables only distinguishes between male and female due to the low number of gender-diverse employees.

3 The calculation methodology has changed since the previous year, so the number is only comparable to the previous year's figure to a limited extent.

# Inclusion & diversity



Businesses that support diversity and equal opportunities boost their appeal in the labour market and increase the satisfaction and motivation of their employees. By supporting inclusion and diversity, BayWa can also respond to the challenge of the growing shortage of labour and the risk of falling applicant numbers. Because diverse teams where there is a mix of ages, genders and experience, for example, are proven to offer more perspectives and work more successfully, they can contribute to improved business success. Over 24,000 employees in over 40 countries work at BayWa, and they offer different perspectives and experience.

## Guiding principles, structures and processes

[ Inclusion and diversity is an integral part of the ONE HR Strategy of BayWa. The term “diversity” comprises all the characteristics, values and behaviours determined at birth and acquired through learning or experience.

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

Corporate HR is responsible for strategically anchoring inclusion and diversity as a policy. The Inclusion & Diversity division is responsible for expanding initiatives and guidelines to reinforce the topic step by step within the Group, starting at the parent company and the German subsidiaries. Among other things, it is the task of all managers to leverage the range of perspectives that a diverse workforce entails in daily collaboration. The BayWa Group’s Inclusion & Diversity Policy applies internationally, from the recruitment process to employee and management development.

BayWa is a signatory to the Diversity Charter. The voluntary commitments associated with it include, for example, creating a culture of mutual respect and coexistence.



The BayWa Connected WoMen network offers opportunities for exchange and ideas.

BayWa makes sure that all policies, processes and programmes, including search and selection criteria in the recruitment process, career models and HR and management development programmes, contribute to avoiding discrimination and that diversity is seen as an opportunity and an enrichment in the Group.

In the areas falling under the BayWa pay scale, remuneration is based on evaluation of job functions in accordance with the collective wage and salary agreement. ] ✓

**Objectives**

[ Supporting inclusion and diversity is a strategic objective of the BayWa Group. A large number of nationalities already work together across the Group, for instance at its various sites or in the business divisions' projects which feature representatives of different countries. Furthermore, BayWa applies the measures described below as a continuous safeguard for achieving this objective.

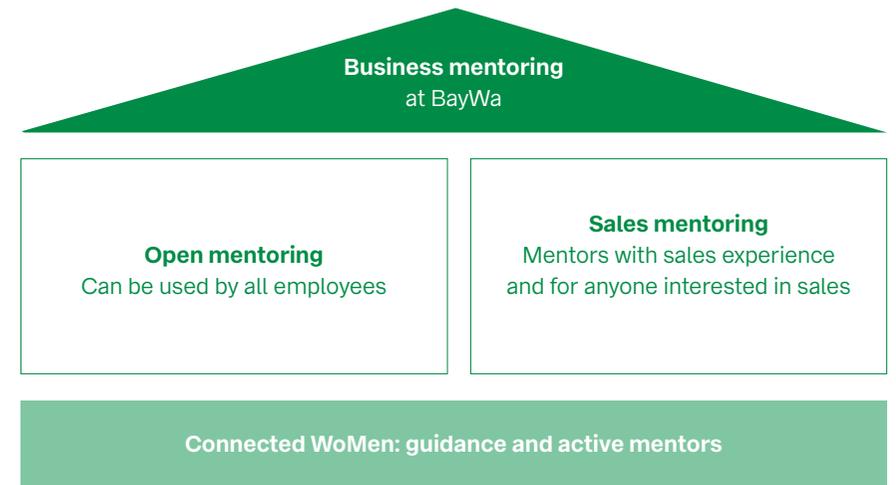
In terms of equal opportunities, the company pursues the aim of securing the most suitable individual for vacant management positions, regardless of personal background, gender, age or sexual orientation. BayWa had set a target of 22% female representation in the first and second levels of management across the Group by 30 June 2022. This target has been achieved with 22.2% female representation. BayWa AG has set a new target of increasing female representation in the parent company to at least 24% at the first management level and at least 23.5% at the second management level by the end of June 2027. ] ✓

**Measures**

[ The BayWa Connected WoMen network offers all employees at the parent company, BayWa AG, an interactive community with opportunities for exchange and ideas for personal development. Alongside virtual networking events, there are contributions from the business divisions and on topics such as leadership, digitalisation, collaboration and diversity.

There is also BayWa Business Mentoring, which aims to support knowledge transfer and constant reciprocal learning by engaged employees. It promotes mutual understanding, breaks down bias and supports networks. The programme is divided into "open mentoring" and "sales mentoring". With sales mentoring, experienced employees give interested mentees an insight into various roles and uncover career prospects, which strengthens the exchange between business divisions. With open mentoring, the focus is also on the exchange between an experienced person and a less experienced one.

**The mentoring programme**



The parent company, BayWa AG, and its German-speaking subsidiaries began integrating the theme of inclusion and diversity into management development programmes in 2021. A first step was taken with the introduction of a seminar on the topic of unconscious bias, which in the future will be mandatory for managers at all levels down to, and including, middle management.

BayWa AG developed diversity, equity and inclusion (DEI) training for senior management in 2022. It is in a pilot phase and planned to be implemented across the parent company starting in mid-2023.

BayWa r.e. began standardising all recruitment processes in 2021 to ensure equal opportunities. The subsidiary developed and implemented a series of workshops with external support during the reporting period. They are intended to identify potential for improvement in relation to DEI and come up with measures through teamwork. BayWa r.e. held four of these workshop series for managers during the reporting period. On top of that, additional employees took part in training on the recognition of unconscious bias.

To improve work-life balance, the parent company, BayWa AG, offers various models for flexible working time models, such as part-time hours or flexitime at all administration sites. The company agreement on mobile working allows employees in Germany to work from locations other than the agreed place of work under certain circumstances. The Group wishes to enable a fast return to the workplace for parents returning from parental leave. It has an online Returning from Parental Leave course as well as a virtual parents cafe for discussion and presentations. The parent company, in certain circumstances, also offers a sabbatical arrangement for better work-life balance. ] ✓

The BayWa AG's job descriptions encourage disabled people to apply for vacancies in order to support inclusion within the company. BayWa has for many years also cooperated with the Pfennigparade foundation, which has a range of services that enable employment for disabled people. To expand this cooperation, BayWa initiated the Inclusive Workplace of the Future joint project in 2021. BayWa has also appointed disabled interns to suitable central divisions since the reporting period.

In 2022, BayWa worked in conjunction with Pfennigparade to employ two interns with physical disabilities at its Group head office. BayWa plans to keep hiring interns in this way in the future, too.



### BayWa Pride network: for more tolerance

The BayWa Pride network was established in 2022. The internal LGBTQ+ community is connected through the BayWa Pride app. It can be used on company phones as well as private smartphones and is not linked to any other BayWa systems, which means users can stay anonymous if they prefer. The network also welcomes friends and allies who are looking for information about the network's activities. They can participate in these activities themselves. The aims behind the Pride network include building up and cementing a network, offering joint activities such as pub nights or pride festival visits, advocating for tolerance within BayWa and providing support for this.



A “diversity month” was held at the parent company, BayWa AG, in June.

A “diversity month” was held at the parent company, BayWa AG, in June. The internal My BayWa communication platform, for instance, presented a great deal of inspiration for more day-to-day diversity. What’s more, employees could attend an art workshop called Change of Perspective Included, which was organised by Pfennigparade and run by disabled artists.

The subsidiary BayWa r.e. encourages all employees worldwide to take part in regional working groups on the dialogue surrounding diversity, equity and inclusion (DEI) in order to discuss and drive progress on relevant topics. BayWa r.e. also develops a globally mandatory DEI strategy and initiates various communication campaigns where employees can contribute their ideas on the topic. In the fourth quarter of the reporting period, each department and section at BayWa r.e. began performing a DEI self-assessment, which will now take place every year to drive further measures.

**Performance indicator and results**

[ At the end of the 2022 reporting period, the percentage of women in the first and second levels of management at the BayWa Group came to 22.2% (2021: 21.6%). The target of 22% by 2022 has therefore been achieved. ] ✓

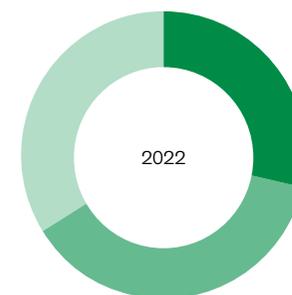
Across the Group, the proportion of female employees stood at 29.6% (2021: 29.6%). The Board of Management of the BayWa Group was composed of four men in total during the reporting period. The proportion of women on the Supervisory Board during the reporting period totalled 25.0% (2021: 25.0%).

For 54.9% of the employees within the Group, their employment is subject to the terms and conditions of collective bargaining agreements (2021: 55.9%). In 2022, 1.6% (2021: 1.8%) of employees took parental leave, 87.0% of whom were female (2021: 84.6%). The share of employees across the Group who worked part-time was 11.5% (2021: 11.3%), 68.2% of whom (2021: 68.0%) were female. Group-wide, the proportion of employees with a disability was 1.4% in 2022 (2021: 1.5%). Sixteen instances of discrimination were reported across the Group in 2022, while 15 were able to be resolved during the reporting period.

**Women in management positions at the BayWa Group** ✓

	2020	2021	2022
<b>Proportion of women in management positions (1st and 2nd levels)</b>	<b>20.6%</b>	<b>21.6%</b>	<b>22.2%</b>
Number of women in management positions (1st and 2nd levels)	179	213	244

**BayWa Group age structure for management positions**



	2020	2021	2022
<b>Managers overall (1st and 2nd levels)</b>	<b>868</b>	<b>987</b>	<b>1,098</b>
≤40	30.5%	30.4%	28.7%
41–50	36.9%	36.1%	37.4%
≥51	32.6%	33.6%	33.9%

# Learning & development

Quality education and vocational training are the keys to employability – and both factors are also decisive when it comes to companies' lasting competitiveness. BayWa supports the professional and personal development of its employees. In doing so, it secures an edge for itself with regard to expertise, its appeal in the labour market and the satisfaction of its employees. Young people in particular expect companies to offer good opportunities for personal development. Attractive training and professional development programmes are therefore crucial for recruiting and retaining talented junior staff.

## Guiding principles, structures and processes

[ Training and professional development are an element of the human resources strategy at the parent company, BayWa AG. It takes a three-pronged approach to employee development: a) a systematic training structure, b) a range of in-house and external seminars and development programmes for employees and managers, and c) processes for strategic talent management and succession planning. The subsidiaries predominantly apply their own approaches for training and professional development.

The BayWa Group's ONE HR strategy describes a Group-wide area of action: "Leadership & People Development: combining talent development with life-long learning and creating success."



BayWa offers  
14 apprenticeships.

BayWa, as a training provider, plays an important role in assuring the next generation of talent. Young employees are systematically prepared for a profession in 14 apprenticeships. Apart from technical training, the development of social and methodological skills also plays a major role in this process and is a key element of the training structure. ] ✓

## Objectives

[ The BayWa Group has an objective of offering its employees in every stage of their career an opportunity to continue education according to their strengths and interests and to develop skills. It also aims to have its own younger-generation employees fill specialised, project-based and leadership positions in the future, and the foundation for this is laid during their education. Through targeted development programmes, BayWa aims to ensure that specialists and managers are highly and uniformly qualified. Among other things, the programmes aim to teach them to independently pursue goals they set themselves. This entrepreneurial approach is to become even more firmly rooted in the corporate culture over the long term. ] ✓

## Measures

The topic of sustainability is a fixed component of the training programme at the parent company, BayWa AG. The e-learning courses on sustainability were revised in 2022. In addition, managers complete training that aims to raise their awareness of stakeholder expectations. These training courses are organised at the BayWa Academy, which opened in 2020, and are mainly provided using digital formats. The BayWa Academy aims to intensify the intrapreneur approach; the content is available for employees of the parent company and German subsidiaries. Training is offered on the following subjects: sales, leadership and management, communication, work organisation, IT and project management, invoicing and receivables management; and topic-specific training in the areas of agriculture, agricultural equipment, building materials and energy. EH&S also offers training on health (see [Workplace health & safety sub-chapter](#) ☰).

The seminars and training courses focus on strengthening personal and social skills, technical and methodological skills, as well as business and leadership skills. The training on offer is continuously evaluated and improved based on feedback forms and the more detailed ad hoc feedback obtained in personal discussions. BayWa also maintains constant dialogue with the trainers, and people in positions of responsibility regularly attend the training themselves.



The Ideas Factory promotes innovation and exchange.

Furthermore, there are strategic development programmes which focus on the professional development and connections of people in the company who have potential or are high performers. The Talents programme is aimed at motivated employees following their apprenticeship, with a goal of providing systematic support to them in their work practice and developing their strengths. Another programme, the Ideas Factory, aims to add to the qualifications of people with above-average potential in all corporate divisions and associated companies. The programme is also an important instrument for managing innovation within the BayWa Group and promotes cross-functional exchange. It has increasingly been addressing sustainability-related topics in recent years, for example, with concepts and solutions on the topic of food and agricultural waste across the value chain.

Moreover, the Growth Factory also launched in the areas of agriculture and agricultural equipment in 2022. The programme is aimed at people who have high potential and are aged between 25 and 35, with objectives that include preparing committed employees for new duties and strengthening their capabilities.

The major international subsidiaries conduct individual training activities for their employees.

[ The annual employee assessment remains an important and essential leadership instrument. Based on the competence model, managers and employees identify personal strengths and areas for improvement, and establish specific steps for professional development. ]

### Performance indicator and results

[ Group-wide, 22,409 individuals participated in training in the reporting period (2021: 24,225). This equates to 9.2 hours of training per employee<sup>1</sup> (2021: 5.3). ]   
 BayWa also uses e-learning for ongoing knowledge sharing, which is available to all employees. Group-wide, the number of participants was 63,944 (2021: 64,904). Across the Group, 46.1% (2021: 37.2%) of all employees participated in employee assessments during the reporting period. A total of €13.3 million was spent on training and professional development across the Group. There were 1,387 apprentices Group-wide during the reporting period.

### BayWa Group training courses <sup>2</sup>



	2020	2021	2022
Training participants	19,163	24,225	22,409
<b>Total hours per employee <sup>1</sup></b>	<b>6.9</b>	<b>5.3</b>	<b>9.2</b>
Hours per female employee	7.2	5.2	7.3
Hours per male employee	6.7	5.3	8.7
Hours per industrial employee	10.6	4.7	9.1
Hours per commercial employee	4.3	5.7	7.8

1 The calculation methodology has changed since the previous year, so the number is only to a limited extent comparable to the previous year's figure.

2 Includes live online training and face-to-face training.

# Workplace health & safety

Protecting its employees' safety and health is essential to BayWa. It makes an important contribution to sustainable development and to long-term business success. This protection includes the prevention of occupational accidents, having a safe working environment that promotes health and, of course, strict compliance with corresponding laws.

BayWa's top priority is the safety and health of all people who are affected by its business activities. Employees spend a large portion of their lives at companies. By having a working environment that promotes health, BayWa helps to maintain its employees' health and well-being whilst also being able to lower the number of absences caused by illness.

## Guiding principles, structures and processes

With its 22 employees, BayWa AG's Corporate Environment, Health & Safety (EH&S) organisational unit is a Group-wide point of contact for employee health and safety concerns, while also crafting international standards. In this function, the organisational unit reports directly to the Chief Executive Officer. The Safety, Health and Environmental Management mandate establishes responsibilities and specifies the tasks and powers of Corporate EH&S. All Group companies have a coordinator who is in charge of these matters.

BayWa's guiding principles on the environment, health and safety are aligned with ISO 45001, the global standard for workplace health and safety management systems. The guiding principles define the minimum precautions for the topics of workplace health and safety and environmental management at each site. They apply to all companies and employees within the BayWa Group and its subcontractors. The approach focuses on integrating employees into improvement processes, because it is the employees who know the most about what they do and the potential risk exposure.

Corporate Environment, Health & Safety released its own EH&S Academy in 2021. It includes an extensive training catalogue with practical and primarily digital seminars on the subjects of workplace safety, waste disposal, health management, storage of hazardous substances and transportation of hazardous substances. The training is directed towards the protection of employees and the environment and aims to teach participants about legal requirements as well as practical experience that has been gained.

The occupational health management system at the parent company, BayWa AG, is based on a working group, the addiction officer and EH&S coordinators and cooperation partners. The BayWa AG workplace health and safety committee meets regularly to exchange information and ideas concerning current topics and measures in the area of workplace health and safety. Some subsidiaries such as BayWa r.e. and the Cefetra Group Segment have also formulated their own EH&S guidelines which contain the Group-wide requirements as well as workplace health and safety measures.

The health management initiatives at the parent company, BayWa AG, and a number of subsidiaries comprise a variety of free and, above all, preventive offers (further information below under "Measures"). BayWa had, in the previous year, laid the foundation for a Group-wide concept on prevention and raising awareness in the area of psychological strain; a corporate policy is planned to be published on this topic in 2023.

Due to the physical nature of their work, BayWa AG's industrial employees – such as warehouse staff or employees responsible for agricultural machinery – are subject to greater health risks. The requests submitted through the employer's liability insurance association regarding suspicions of occupational illnesses are looked into annually, and appropriate measures are determined. An external company doctor carries out the checks that are mandatory and optional under occupational health-care laws for BayWa's Group companies in Germany. BayWa AG's occupational reintegration management system provides employees suffering from longer-term or frequent illnesses with the right support.

The BayWa Group keeps systematic records of accidents at work. BayWa is currently working on publishing its records and analyses of all incidents across the Group that are linked to workplace health and safety and environmental management (further information under "Measures"). BayWa AG's EH&S and Corporate Communications organisational units must be informed immediately of serious occupational accidents or occupational accidents resulting in death, as well as incidents that impact the environment. For example, an extensive catalogue for personal protective equipment and a comprehensive training programme on prevention in workplace safety help prevent accidents and injuries at the BayWa Group. For activities involving electrical hazards, there are things such as a special range of online training courses for people who have been educated about electrical technology. At one BayWa r.e. site, a training centre has been established for the practical part of the programme. New and relevant employees of BayWa must complete a comprehensive e-learning programme when they start and then attend corresponding face-to-face training.

The parent company, BayWa AG, promotes Group-wide EH&S reporting at regular intervals via the companies' respective officers. The relevant performance indicators are retrieved from the business divisions and Group companies each year.

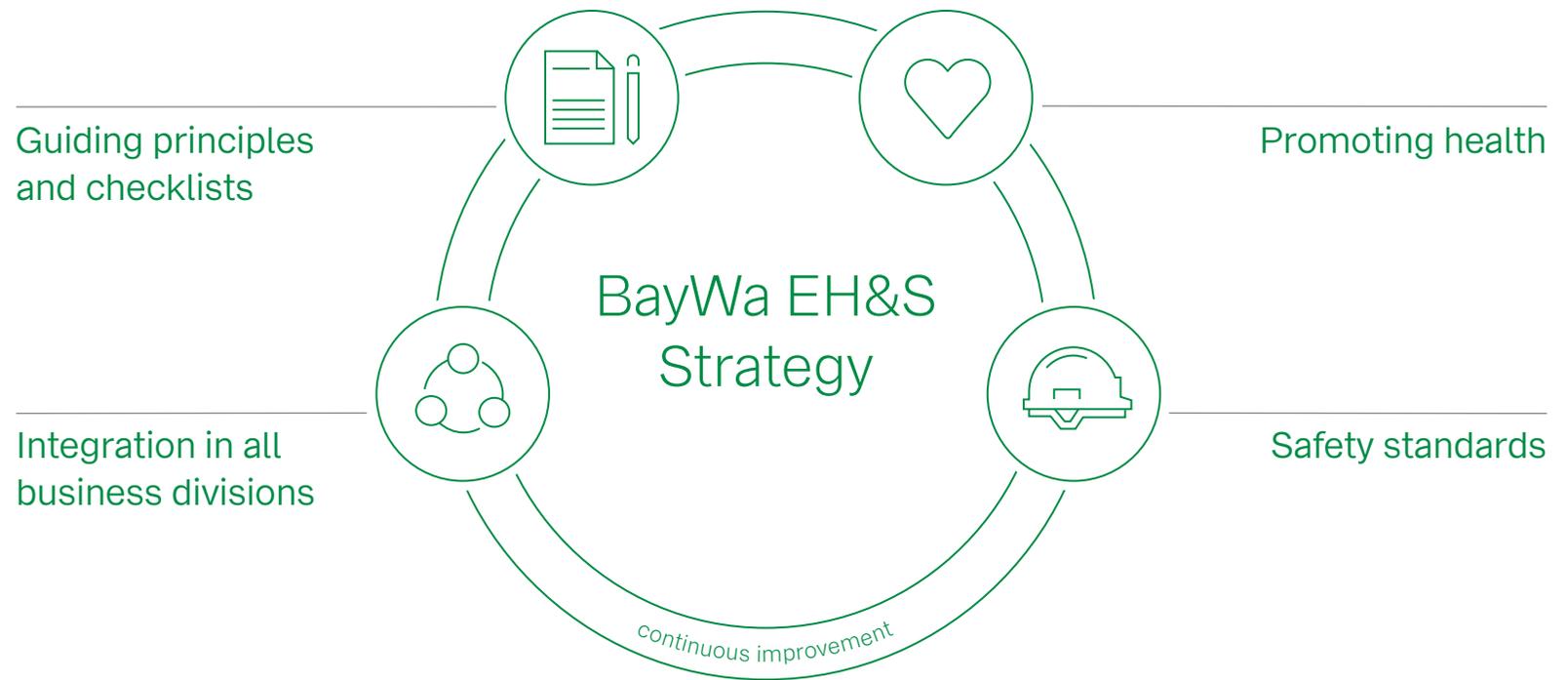
The EH&S guiding principles, which apply Group-wide, provide that subcontractors and all other parties working on a BayWa site must be provided with relevant information on site-specific risks and evacuation routes. Subcontractors must provide relevant information about how they will conduct their work safely.

### Objectives

The objective of BayWa is to offer all employees a safe workplace and suitable working environment where safety and health are considered important principles. The [EH&S strategy](#) provides a clear direction for the targets set for 2030 and indicates the current challenges and possibilities for improvement. The strategy emphasises two main objectives: awareness of safety-related topics and people's health; and the employees' well-being. BayWa has set the following targets:

By 2025:

- Digital documentation of near-miss accidents
- Increased frequency of certification and inspections



The global workplace health and safety management system that was developed in 2019 is intended to gradually enable certification under ISO 45001, 14001, 9001 and 50001 for all BayWa r.e. companies. With this measure, the company is satisfying the continuously increasing requirements for EH&S in the field of renewable energies and continuously strengthening awareness of risks involved in working with electrical facilities or at heights among management and employees. Special attention is given to reviewing subcontractors and service providers. In the Global Produce Segment, some risks have been prioritised, with critical control plans being developed for powered industrial trucks, heavy-goods vehicles and similar.

**Measures**

In 2019, BayWa launched a process aimed at the harmonisation of the recording and analysis of all incidents relating to workplace health and safety, as well as environmental management. This was established by BayWa AG and BayWa r.e. as well as a section at Global Produce in 2022. The process is planned to be expanded to further companies progressively so that legally compliant documentation is ensured. Furthermore, the system uses software solutions to enable systematic post-processing of accidents and reduce hazards. On top of that, BayWa has introduced a process at initial business sections for consistent near-miss accident reporting. The introduction of this process entailed the establishment of training for awareness and identification of near-miss accidents. The subsidiary T&G Global continuously rolls out new modules in its software system for New Zealand-based subsidiaries. In the reporting period, they included risk management.

For protection against Covid-19, BayWa continued to provide masks and other protective equipment such as disinfectant across the Group during the reporting period and lent out indoor air filtering systems. At its head office, employees had access to a test station, body temperature measurement and self-tests. To combat the spread of Covid-19, the parent company, BayWa AG, continued the vaccination campaign that it began in 2021 with a vaccination van. The weekly Covid-19 consultations offered by the company doctor continued to be taken up well during the reporting period. Vaccines were administered at 6 sites in Germany across 11 days in 2022.

Employees in Germany can make use of services such as free face-to-face seminars on managing stress, improving resilience, nutrition, mindfulness, relaxation and back exercise, for the purpose of promoting health and preventing issues. There are also online formats with tips and news on healthy behaviour.



The #socialandhealthy team at BayWa r.e. received the HR Energy Award for the category of health in 2022.

Some subsidiaries offer their own services. T&G Global, for instance, offers its employees a programme to support their psychological health, a process for fatigue management and support from physiotherapists. BayWa r.e. has further expanded its #socialandhealthy online-based health programme. It aims to improve not only the employees' physical health, but also their mental and social well-being by offering various courses and interactive elements. The health week in April is a highlight of each year. The #socialandhealthy team at BayWa r.e. received the HR Energy Award for the category of health in 2022.

### Results

There were 744 occupational accidents (including workplace accidents and accidents while commuting) across the BayWa Group during the reporting period (2021: 757). Regrettably, there was one fatal occupational accident involving an employee in 2022 (2021: 0). One subcontractor also recorded a fatal occupational accident. The accidents and the cause of them are being analysed in detail so that corrective protection measures can be developed and future occupational accidents prevented or reduced. The rate of illness within the BayWa Group has increased to 4.0% (2021: 3.0%). The free training on health at the parent company, BayWa AG, was taken up by 245 employees during the reporting period (2021: 186). Implementation of BayWa r.e.'s global workplace health and safety management system continued at relevant subsidiaries of BayWa r.e. in 2022 and was confirmed through successful initial certification and re-certification. There were 11 companies in the Group that held ISO 45001 certification for management systems for workplace health and safety.

### BayWa Group occupational accidents

	2020	2021	2022
Number of occupational accidents	655	757	744

# Society

The BayWa AG established the BayWa Foundation 25 years ago. Since then, the foundation has presided over social projects that, in Germany, promote knowledge about healthy nutrition and renewable energies and, internationally, help others to help themselves. The projects are diverse, ranging from forest projects and nutritional education for children in Germany to support for orphans in Zambia and funding for vocational education and training. The foundation is also engaged in social projects in Tanzania, Congo and Indonesia.



**132**

school gardens were planted with BayWa's help in 2022. ↗



**Approx. 800**

trees were planted by school students in the "forest school" project in 2022. ↗



**€4.3 million**

were donated by the BayWa Group in total in 2022. ↗

# Social commitment to education



335 school gardens have already been planted with BayWa's help.

BayWa sees its commercial success as being firmly linked to its status as a stakeholder in society and, therefore, to an obligation to take responsibility beyond its core business and engage itself for charitable purposes. BayWa seeks to take an active role in shaping the transition to a sustainable society. Its focus is on transferring knowledge and raising awareness on subjects such as food, the environment and nature. The company pools its social engagement in the BayWa Foundation, and there are numerous other projects beyond it, including at its subsidiaries in particular.

## Guiding principles, structures and processes

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

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

## Objectives

The goal of the BayWa Foundation is to establish sustainable educational projects in the areas of healthy eating and renewable energies. The BayWa Foundation is turning 25 in 2023 and is proclaiming the "year of health" to mark the occasion. It is running various educational initiatives that are intended to direct attention to "nutrition and exercise for children's health". The project "Die Waldschule" ("the forest school") will take place with an enlarged team. It aims to increase the number of days that the "Waldschule" is offered and share environmental knowledge with as many primary school children as possible.

The BayWa Foundation intends to keep developing its international projects in a stable manner in 2023. It also plans to expand its international engagement.

## Measures and results

The BayWa Foundation's educational projects contribute to 9 of the United Nations' 17 Sustainable Development Goals (SDGs). The projects that the BayWa Foundation oversees in the field of healthy nutrition support agriculture and provide education. There are already 335 school gardens that have been planted all across Germany as part of the nutrition education programme "Gemüse pflanzen. Gesundheit ernten." ("planting vegetables, harvesting health"). The programme contributes to preventive healthcare for children, with the "DIY" nature resulting in children remembering the lessons better and experiencing the value of food.

There were also five campaign days held at primary and special schools on the topic of healthy nutrition in 2022. Moreover, the BayWa Foundation also provides the "Digitales Klassenzimmer" ("digital classroom"), an online space with additional facts about nutrition.

In regular classrooms, the text and activity book "Der Ernährungskompass" ("The Nutrition Compass") teaches children in a playful way. Roughly 120,000 copies of it have already been distributed for use in school classrooms since the project was launched.

The "Die Waldschule" project allows primary and special school children to experience the forest ecosystem and contribute to the conservation of native forests by planting trees. Twenty-nine "Waldschule" days were held in 2022, with students planting some 800 trees (2021: 322) and receiving approximately 800 "Waldtagebücher" (forest diaries). More staff were also appointed to the project during the reporting period, bringing the total number of forest teachers in Bavaria to eight as of 2023. The schoolteachers' feedback on the project's impact on children is resoundingly positive.



The BayWa Foundation will turn 25 in 2023.



### Climate-stable mixed forests: “And now it’s planted!”

The BayWa Foundation launched a new donations drive in 2022: “O’pflanzt is! Wir mischen den Wald auf” (which can be loosely translated as “And now it’s planted! Let’s mix things up in the forest”). Trees can be donated over the three-year campaign period and will be planted in Bavarian forests in partnership with Bayerische Staatsforsten (the state forestry agency). The purpose of this is to create climate-stable, mixed forests. The BayWa AG will match each donation with its own donations towards its foundation’s environmental education projects.

The BayWa Foundation is committed to helping educate young people with the “Deutschlandstipendium” (German Scholarship) and educational initiatives. Moreover, it supports facilities for children and young people in Munich, including Sonderpädagogisches Förderzentrum Neuperlach (Neuperlach special education centre) and Tillmann Kinder- und Jugendhaus (Tillmann centre for children and young people), with educational offerings. There is also a priority on knowledge transfer for a large audience. For example, the BayWa Foundation is the main funding partner of the BIOTOPIA Lab, which is a museum of natural sciences in Munich, and the “Agriculture and Food” exhibition at Deutsches Museum.

Due to the war in Ukraine, the BayWa Foundation saw the necessity for another immediate aid project in 2022. In conjunction with numerous sponsors and partners, the foundation organised a total of 29 lorries packed with aid supplies for Ukrainian refugees.

In 2021, the BayWa Foundation received a major donation that was earmarked for usage in the Berchtesgadener Land region, which began being implemented in 2022. The foundation has expanded and initiated a variety of regional projects, from projects for food, the environment and exercise at schools to funding for counselling as well as tree planting.

The international foundation projects are geared towards providing long-term assistance to help people help themselves. In Zambia, the BayWa Foundation supports 20 young and needy mothers to find the way to an empowered life through a training programme. The project was expanded in 2022, with six women receiving further financial support for their transition to self-employment following the completion of their programme.

The BayWa Foundation’s success can also be seen in its projects’ continuity: It has funded 7 projects for more than 5 years already, and 5 projects for even more than 10 years. The BayWa Foundation works together with long-standing partners internationally, such as Mavuno Projects and SOS-Kinderdörfer weltweit, while its local educational initiatives profit from a strong connection to stakeholders in the social domain.



### Aid for orphans

The BayWa Foundation has supported a new aid programme for orphans living in poverty in Zambia since 2022. The organisation Tandeka runs the Kwathu orphanage in Livingstone, which has a primary school attached to it. It provides a meal twice a day for 20 children who are half- or fully orphaned, pays their school fees and offers them a loving home with a future. It has also acquired five hectares of farmland for this purpose. It aims to attain self-sufficiency and income from selling products, while also creating jobs and, later, enabling a training programme for the schoolchildren. The BayWa Foundation is helping people to help themselves by supporting the project with funding, agricultural know-how and its network.

In Tanzania, the BayWa Foundation made a solar drying facility possible in 2022 in order to ensure food for over 500 smallholder farmer families. In Congo, it funded an urban farming project that brings agriculture to the city and creates new jobs. In Indonesia, it also financed schooling and food for 10 street children.

The BayWa Group raised its donations to a total of €4.3 million during the reporting period (2021: €2.6 million). The parent company, BayWa AG, donated just under €1.7 million of this amount (2021: €1.9 million), while approximately €1.2 million of it (2021: €783,000) went towards the BayWa Foundation's projects.

The BayWa Foundation invested a total of €3 million in 58 education projects in 8 countries in 2022 (2021: €1.5 million for 42 projects in 7 countries). Almost €1.1 million of this amount (2021: €877,719) went to projects for promoting healthy nutrition, with 132 theme days being held on this topic (2021: 44).

Furthermore, the foundation granted a total of 220 German Scholarships of €1,800 each to students studying agricultural sciences, energy and resource management; and food management in 2022.

# About this report

In publishing its ninth 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 2022 financial year (1 January to 31 December). Where available, data from the previous year is included for comparison. Reporting is carried out annually. The next Sustainability Report is scheduled for publication in April 2024.

## Framework, review and non-financial report

This Sustainability Report was prepared with reference to the GRI Standards. [ The general information in the non-financial report, the materiality analysis, the management of material topics and the calculation of metrics follow this framework to a partial extent. The report implements the requirements of the German CSR Directive Implementation Act (CSR-RUG) and contains the separate non-financial report for the Group pursuant to Section 315b of the German Commercial Code (HGB), which has been combined with the non-financial report of the parent company pursuant to Section 289b of the German Commercial Code (HGB) (for short: “separate combined non-financial report”). This separate combined non-financial report consists of the sections referenced in the overview on page 17 and separate and other disclosures. This report also discloses the shares of BayWa’s turnover, capital expenditure (CapEx) and operating expenditure (OpEx) that are attributable to taxonomy-eligible and taxonomy-aligned economic activities (in accordance with EU Regulation 2020/852). The content provided for compliance

with the requirements of the CSR-RUG and Taxonomy Regulation has been reviewed with limited assurance by an independent audit firm. The content for the non-financial report is presented accordingly in the table on page 17. The implementation of the requirements of the Taxonomy Regulation can be found on pages 33–43. Information marked with this symbol [ ... ] in the report is part of the combined non-financial report. The Supervisory Board examined the 2022 Sustainability Report intensively and discussed it with the auditor and the Board of Management, both of whom were present for the discussions. ]

The Supervisory Board, following its examination of the report, agrees with the conclusion reached by the auditor and has approved the 2022 Sustainability Report for publication.

### Determining the content of the report, scope and data collection

[The content to be included in the report was determined by way of a materiality analysis that was updated in 2021 (see p. 14 ). The content for the non-financial report was determined based on its commercial relevance and based on impacts on non-financial matters (see p. 16 ).

Besides the parent company, BayWa AG, the BayWa Group comprises 529 fully consolidated Group companies<sup>1</sup>. The general scope of this report and the statements associated with it is comprised of the entire BayWa Group (see overview table, p. 17 ) , which is also referred to as “BayWa” in the Sustainability Report. Deviating concepts, guiding principles, structures and metrics that do not pertain to the entire BayWa Group are marked as such in the text. Where this does occur, it usually relates to the parent company, BayWa AG, or subsidiaries or segments that are named accordingly. ]

[ Climate-related values and figures are disclosed as CO<sub>2</sub> equivalents, which includes carbon dioxide and other relevant gases with an effect on the climate. The emissions factors used are drawn from the VDA (AR5), GEMIS (AR4), DBEIS (AR4 and 5), Agribalyse, the World Food LCA Database and ecoinvent. A minimal percentage (less than 0.2%) of energy consumption, and therefore GHG emissions, is based on projections for the sake of completeness. ] There were no relevant year-on-year changes at the company or in its supply chain.

Questions and remarks concerning the BayWa Sustainability Report can be directed to the company via its email address [sustainability@baywa.de](mailto:sustainability@baywa.de).

<sup>1</sup> Current as at: 30 September 2022: the number of fully consolidated companies in the financial reporting may therefore deviate from the number reported here. This does not apply to information that is relevant to HR as it is based on the status of fully consolidated companies as at 31 December 2022.

### Note from the editor

The editorial deadline for this report was 2 March 2023.

The Sustainability Report is available in German and English. If they differ from each other, only the German version is legally binding.

### BayWa restatement policy for non-financial data

Changes trigger an adjustment of data if the level of comparability that cannot be ensured exceeds 5%. The changes are documented and published in footnotes. These changes refer to changes based on sales, revisions of calculation methodologies or bases; or revisions of values. All adjustment mechanisms pertain to the total amounts reported (e.g. Scope 1 emissions indicator). The base year values used for calculating strategic targets are constantly updated to safeguard management possibilities if the above changes occur.

# BayWa AG non-financial report

## Notes to the BayWa AG non-financial report pursuant to Section 289b HGB

[ In addition to the above statements in the separate combined non-financial report that pertain to the Group, the following provides key performance indicators concerning BayWa AG. All disclosures, arrangements, presented protocols and processes; and metrics for the BayWa Group always include BayWa AG, which is managed by the Group. There were no additional aspects under the CSR-RUG that were identified as being applicable solely to BayWa AG. The following table presents the key performance indicators for BayWa AG. ] ✓

## BayWa AG key performance indicators ✓

	2020	2021	2022
<b>Compliance <sup>1</sup></b>			
Participants in on-site compliance training courses <sup>2</sup>	342	259	237
Participants in compliance e-learning courses	866	4,521	1,653
<b>Energy &amp; GHG emissions</b>			
Energy consumption <i>in megawatt-hours</i>	236,030	260,914	188,442
Proportion of electricity from renewable sources <i>in %</i>	100	100	100
GHG emissions (Scope 1 and 2) in t CO <sub>2</sub> e <sup>3</sup>	48,014	52,534	38,099
<b>Inclusion and diversity</b>			
Proportion of women in management positions (1st and 2nd level) in %	20.7	20.7	20.9
<b>Learning and development</b>			
Training hours per employee <sup>4</sup>	4.5	5.0	9.1

1 The training cycle for on-site training courses is three years, for e-learning courses it is two years. For this reason, the information for 2022 is not directly comparable to the information for previous years.

2 Including virtual live training courses

3 The market-based method was used for the calculation; value according to the location-based method: 58.628 t CO<sub>2</sub>e.

4 2022 disclosure is not directly comparable with the previous year as the calculation methodology has changed.

# Audit note

## Independent practitioner’s report on a limited assurance engagement on non-financial reporting

To BayWa Aktiengesellschaft, Munich

We have performed a limited assurance engagement on the combined separate non-financial report of BayWa Aktiengesellschaft, Munich, (hereinafter the “Company”) for the period from 1 January to 31 December 2022, which includes the information marked in green brackets and with a “” in the Sustainability Report 2022 (hereinafter the “Combined Separate Non-financial Report”).

Not subject to our assurance engagement are the external sources of documentation or expert opinions mentioned in the Combined Separate Non-financial Report.

### Responsibility of the executive directors

The executive directors of the Company are responsible for the preparation of the Combined Separate Non-financial Report in accordance with §§ (Articles) 315c in conjunction with 289c to 289e HGB (“Handelsgesetzbuch”: “German Commercial Code”) and Article 8 of REGULATION (EU) 2020/852 OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL of 18 June 2020 on establishing a framework to facilitate sustainable investment and amending Regulation (EU) 2019/2088 (hereinafter the “EU Taxonomy Regulation”) and the Delegated Acts adopted thereunder, as well as for making their own interpretation of the wording and terms contained in the EU Taxonomy Regulation and the Delegated Acts adopted thereunder, as set out in chapter “Strategy & Governance”, sub-chapter “EU taxonomy” of the Combined Separate Non-financial Report.

This responsibility includes the selection and application of appropriate non-financial reporting methods and making assumptions and estimates about individual non-financial disclosures of the Company that are reasonable in the circumstances.

Furthermore, the executive directors are responsible for such internal controls as the executive directors consider necessary to enable the preparation of a Combined Separate Non-financial Report that is free from material misstatement whether due to fraud or error.

The EU Taxonomy Regulation and the Delegated Acts issued thereunder contain wording and terms that are still subject to considerable interpretation uncertainties and for which clarifications have not yet been published in every case. Therefore, the executive directors have disclosed their interpretation of the EU Taxonomy Regulation and the Delegated Acts adopted thereunder in chapter “Strategy & Governance”, sub-chapter “EU taxonomy” of the Combined Separate Non-financial Report. They are responsible for the defensibility of this interpretation. Due to the immanent risk that indeterminate legal terms may be interpreted differently, the legal conformity of the interpretation is subject to uncertainties.

### Independence and quality control of the audit firm

We have complied with the German professional provisions regarding independence as well as other ethical requirements.

Our audit firm applies the national legal requirements and professional standards – in particular the Professional Code for German Public Auditors and German Chartered Auditors (“Berufssatzung für Wirtschaftsprüfer und vereidigte Buchprüfer“: “BS WP/vBP”) as well as the Standard on Quality Control 1 published by the Institut der Wirtschaftsprüfer (Institute of Public Auditors in Germany; IDW): Requirements to quality control for audit firms (IDW Qualitätssicherungsstandard 1: Anforderungen an die Qualitätssicherung in der Wirtschaftsprüferpraxis - IDW QS 1) – and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

### Responsibility of the assurance practitioner

Our responsibility is to express a conclusion with limited assurance on the Combined Separate Non-financial Report based on our assurance engagement.

We conducted our assurance engagement in accordance with 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 obtain limited assurance about whether any matters have come to our attention that cause us to believe that the Company's Combined Separate Non-financial Report, other than the external sources of documentation or expert opinions mentioned in the Combined Separate Non-financial Report, are not prepared, in all material respects, in accordance with §§ 315c in conjunction with 289c to 289e HGB and the EU Taxonomy Regulation and the Delegated Acts issued thereunder as well as the interpretation by the executive directors disclosed in chapter "Strategy & Governance", sub-chapter "EU taxonomy" of the Combined Separate Non-financial Report.

In a limited assurance engagement the procedures performed are less extensive than in a reasonable assurance engagement, and accordingly a substantially lower level of assurance is obtained. The selection of the assurance procedures is subject to the professional judgement of the assurance practitioner.

In the course of our assurance engagement, we have, amongst other things, performed the following assurance procedures and other activities:

- Gain an understanding of the structure of the Company's sustainability organisation and stakeholder engagement
- Gain an understanding of the structure of the Company's sustainability organisation and stakeholder engagement
- Inquiries of the executive directors and relevant employees involved in the preparation of the Combined Separate Non-financial Report about the preparation process, about the internal control system relating to this process and about disclosures in the Combined Separate Non-financial Report
- Identification of likely risks of material misstatement in the Combined Separate Non-financial Report
- Analytical procedures on selected disclosures in the Combined Separate Non-financial Report
- Reconciliation of selected disclosures with the corresponding data in the consolidated financial statements and group management report
- Evaluation of the presentation of the Combined Separate Non-financial Report
- Evaluation of the process to identify taxonomy-eligible and taxonomy-aligned economic activities and the corresponding disclosures in the Combined Separate Non-financial Report
- Inquiries on the relevance of climate risks
- Evaluation of CO<sub>2</sub> compensation certificates exclusively with regard to their existence, but not with regard to their impact

In determining the disclosures in accordance with Article 8 of the EU Taxonomy Regulation, the executive directors are required to interpret undefined legal terms. Due to the immanent risk that undefined legal terms may be interpreted differently, the legal conformity of their interpretation and, accordingly, our assurance engagement thereon are subject to uncertainties.

### Assurance opinion

Based on the assurance procedures performed and evidence obtained, nothing has come to our attention that causes us to believe that the Combined Separate Non-financial Report of the Company for the period from 1 January to 31 December 2022 is not prepared, in all material respects, in accordance with §§ 315c in conjunction with 289c to 289e HGB and the EU Taxonomy Regulation and the Delegated Acts issued thereunder as well as the interpretation by the executive directors disclosed in chapter “Strategy & Governance”, sub-chapter “EU taxonomy” of the Combined Separate Non-financial Report.

We do not express an assurance opinion on the external sources of documentation or expert opinions mentioned in the Combined Separate Non-financial Report.

### Restriction of use

We draw attention to the fact that the assurance engagement was conducted for the Company’s purposes and that the report is intended solely to inform the Company about the result of the assurance engagement. Consequently, it may not be suitable for any other purpose than the aforementioned. Accordingly, the report is not intended to be used by third parties for making (financial) decisions based on it. Our responsibility is to the Company. We do not accept any responsibility to third parties. Our assurance opinion is not modified in this respect.

Munich, 28 March 2023  
PricewaterhouseCoopers GmbH  
Wirtschaftsprüfungsgesellschaft

**Dietmar Eglauer**  
Wirtschaftsprüfer  
[German public auditor]

**Theres Schäfer**  
Wirtschaftsprüferin  
[German public auditor]

# GRI content index

This report has been prepared in accordance with the GRI standards. for the reporting period 2022 (1 January 2022–31 December 2022). This index distinguishes between material GRI standards based on the materiality analysis conducted in 2021 and additional standards reported on for transparency’s sake.

For the Content Index - Essentials Service, GRI Services has verified that the GRI content index is presented clearly and in accordance with the standards, and that the references for statements 2–1 to 2–5, 3-1 and 3–2 are consistent with the corresponding sections in the body of the report.



**CONTENT INDEX  
ESSENTIALS SERVICE**

2023

<b>Usage explanation</b>	BayWa AG is reporting on the 2022 financial year in accordance with the GRI standards
<b>GRI 1 used</b>	GRI 1: Foundation 2021
<b>Applicable GRI sector standard(s)</b>	None

GRI Standard	Page	Comments
<b>GRI 1: Foundation 2021</b>		
<b>GRI 2: General Disclosures 2021</b>		
<b>The organization and its reporting practices</b>		
2-1 Organizational details	4/5	Imprint
2-2 Entities included in the organization’s sustainability reporting	108, Consolidated Financial Statements 4/5, 17/18, 40, 187 et seqq. <a href="#">↗</a>	
2-3 Reporting period, frequency and contact point	107	1 January 2022 to 31. December 2022, annually, contact details provided in imprint
2-4 Restatements of information	108	
2-5 External assurance	107, 110–112	Assurance statement; elements of the non-financial report
<b>Activities and workers</b>		
2-6 Activities, value chain and other business relationships	4/5, 44–65	
2-7 Employees	92	
2-8 Workers who are not employees		Information unavailable. Data is currently not collected. BayWa plants to report this information in the future.

GRI Standard	Page	Comments
<b>Governance</b>		
2-9	13, 20/21, Consolidated Financial Statements 220–223 ↗	
2-10	20/21	
2-11	20	
2-12	22–25	
2-13	13, 20/21	
2-14	13, 107	
2-15	21	
2-16	13, 22	
2-17	20/21	
2-18	20/21	
2-19	20/21	
2-20	21	
2-21		Information unavailable. Data is currently not collected. BayWa plans to report this information in the future.
<b>Strategy, policies and practices</b>		
2-22	3, 10–12	
2-23	10, 20, 22, 26, 67–68, 82	
2-24	65–71	
2-25	26/27, 67/68	
2-26	26/27, 67/68	There were no significant breaches of laws or regulations resulting in fines during the reporting period.
2-27	26/27, 82	
2-28	32, 51, 57	
<b>Stakeholder engagement</b>		
2-29	31/32	
2-30	94	
<b>Material topics</b>		
<b>GRI 3</b>	<b>Material Topics 2021</b>	
3-1	14	
3-2	15, 17	

GRI Standard	Page	Comments
<b>Reducing energy consumption and greenhouse gas emissions</b>		
<b>GRI 3 Material Topics 2021</b>		
3-3 Management of material topics	73–76	
<b>GRI 302 Energy 2016</b>		
302-1 Energy consumption within the organization	77	
302-3 Energy intensity	77	
<b>GRI 305 Emissions 2016</b>		
305-1 Direct (Scope 1) GHG emissions	77–78, 81	
305-2 Energy indirect (Scope 2) GHG emissions	77–78	
305-3 Other indirect (Scope 3) GHG emissions	77–78, 81	
305-4 GHG emissions intensity	77	
<b>Sustainable procurement</b>		
<b>GRI 3 Material Topics 2021</b>		
3-3 Management of material topics	65/66	
<b>GRI 204 Procurement Practices 2016</b>		
204-1 Proportion of spending on local suppliers	65/66	
<b>GRI 414 Supplier Social Assessment 2016</b>		
414-1 New suppliers that were screened using social criteria	67–70	
414-2 Negative social impacts in the supply chain and actions taken	67–70	
<b>GRI 308 Supplier Environmental Assessment 2016</b>		
308-1 New suppliers that were screened using environmental criteria	67–70	
<b>Deforestation and forest degradation</b>		
<b>GRI 3 Material Topics 2021</b>		
3-3 Management of material topics	65/66	

GRI Standard	Page	Comments
<b>GRI 304 Biodiversity 2016</b>		
304-2 Significant impacts of activities, products and services on biodiversity		There was no Group-level analysis of the significant impacts on biodiversity from BayWa's products and services during the reporting period. However, actions were taken in individual segments, such as a risk analysis at Cefetra B.V.
<b>Efficient energy supply from renewable energies</b>		
<b>GRI 3 Material Topics 2021</b>		
3-3 Management of material topics	73–76	
<b>GRI 302 Energy 2016</b>		
302-1 Energy consumption within the organization	77	
302-3 Energy intensity	77	
<b>Food security through sustainable agriculture</b>		
<b>GRI 3 Material Topics 2021</b>		
3-3 Management of material topics	50–62	
<b>GRI 308 Supplier Environmental Assessment 2016</b>		
308-1 New suppliers that were screened using environmental criteria	65/66	
308-2 Negative environmental impacts in the supply chain and actions taken	65/66	
<b>GRI 416 Customer Health and Safety 2016</b>		
416-1 Assessment of the health and safety impacts of product and service categories	52, 54/55, 58	
416-2 Incidents of non-compliance concerning the health and safety impacts of products and services		Incidents of non-compliance concerning the health and safety impacts of products and services were not identified during the reporting period.
<b>Resource efficiency of products and services</b>		
<b>GRI 3 Material Topics 2021</b>		
3-3 Management of material topics	45–64	
<b>GRI 301 Materials 2016</b>		
<b>GRI 3 Material Topics 2021</b>		
301-1 Materials used by weight or volume		The data is not available in sufficient quality at the present time. BayWa plans to further optimise data collection in the years ahead in order to report the data in future.

GRI Standard	Page	Comments
<b>GRI 306 Waste 2020</b>		
306-3 Waste generated	84	
<b>Managing risks and opportunities due to climate change</b>		
<b>GRI 3 Material Topics 2021</b>		
3-3 Management of material topics		
<b>GRI 201 Economic Performance 2016</b>		
201-1 Direct economic value generated and distributed	4/5; Consolidated Financial Statements 72–74	
Task Force on Climate-Related Financial Disclosures (TCFD)	22–25	
<b>Additional immaterial standards</b>		
201-1 Direct economic value generated and distributed	4/5; Consolidated Financial Statements 72–74	
201-2 Financial implications and other risks and opportunities due to climate change	22–25	
<b>GRI 202 Market Presence 2016</b>		
202-2 Proportion of senior management hired from the local community		Due to their various segments, BayWa and its subsidiaries use different definitions depending on region. For this reason, BayWa currently does not collect this data.
<b>GRI 203 Indirect Economic Impacts 2016</b>		
3-3 Management of material topics	104	
203-1 Infrastructure investments and services supported	104–106	
<b>GRI 205 Anti-corruption 2016</b>		
3-3 Management of material topics	26/27	
205-2 Communication and training about anti-corruption policies and procedures	26/27	
<b>GRI 206 Anti-competitive Behavior 2016</b>		
3-3 Management of material topics	26/27	
206-1 Legal actions for anti-competitive behavior, anti-trust, and monopoly practices		BayWa was not party to any legal proceedings based on anti-competitive behaviour or breaches of cartel or monopoly laws during the reporting period.

GRI Standard		Page	Comments
<b>GRI 207</b>	<b>Tax 2019</b>		
3-3	Management of material topics	29	
207-1	Approach to tax	29	
207-2	Tax governance, control, and risk management	29	
207-3	Stakeholder engagement and management of concerns related to tax	29	
207-4	Country-by-country reporting	29/30	
<b>GRI 303</b>	<b>Water and Effluents 2018</b>		
3-3	Management of material topics	87/88	
303-1	Interactions with water as a shared resource	87	
303-2	Management of water discharge-related impacts	88	
303-4	Water discharge	88	
<b>GRI 306</b>	<b>Waste 2016</b>		
3-3	Management of material topics	83/84	
306-1	Waste generation and significant waste-related impacts	84	
306-2	Management of significant waste-related impacts	84	
306-3	Waste generated	84	
306-4	Waste diverted from disposal	84	
306-5	Waste directed to disposal	84	
<b>GRI 401</b>	<b>Employment 2016</b>		
3-3	Management of material topics	90–92	
401-1	New employees hires and employee turnover	92	
401-3	Parental leave	95	
<b>GRI 402</b>	<b>Labor/Management Relations 2016</b>		
402-1	Minimum notice periods regarding operational changes		BayWa complies with the respective regional statutory requirements for notice periods regarding operational changes.

GRI Standard	Page	Comments
<b>GRI 403 Occupational Health and Safety 2018</b>		
3-3 Management of material topics	99–102	
403-1 Management system for occupational health and safety	99–102	
403-2 Identification of hazards, risk assessment and investigation of incidents	99–102	
403-3 Occupational health services	99	
403-4 Employee participation, consultation and communication on occupational health and safety	90	
403-5 Worker training on occupational health and safety	99–102	
403-6 Promotion of employee health	100–102	
403-7 Preventing and minimising effects directly related to business relationships on employee health and safety	99–102	
403-8 Employees covered by a management system for occupational health and safety	99–102	
403-9 Work-related injuries	102	
<b>GRI 404 Training and Education 2016</b>		
3-3 Management of material topics	97/98	
404-1 Average hours of training per year per employee	98	
404-3 Percentage of employees receiving regular performance and career development reviews	98	
<b>GRI 405 Diversity and Equal Opportunity 2016</b>		
3-3 Management of material topics	93–96	
405-1 Diversity of governance bodies and employees	96	
<b>GRI 406 Non-discrimination 2016</b>		
3-3 Management of material topics	93–96	
406-1 Incidents of discrimination and corrective actions taken	96	
<b>GRI 415 Public Policy 2016</b>		
3-3 Management of material topics	32	
415-1 Political contributions	32	
<b>GRI 417 Marketing and Labeling 2016</b>		
417-2 Incidents of non-compliance concerning product and service information and labeling		There were no breaches connected to product or service information and labelling during the reporting period.

# Imprint

## Published by

BayWa AG  
Arabellastr. 4  
81925 Munich  
Germany

## Contact, project manager

Julia Schwenzer  
BayWa AG  
Corporate Sustainability  
sustainability@baywa.de

[www.baywa.com/sustainability](http://www.baywa.com/sustainability) 

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