

**BayWa AG's
Green Bond Use
of Proceeds and
Impact Report**

**July 1st 2019 –
April 30th 2020**

BayWa

Introduction ¹

BayWa AG's climate strategy is making a difference. The Group succeeded in reducing relative energy consumption by roughly 22% last year, thereby largely making its company growth emissions-neutral. In 2019, the Group also moved one step closer to its goal of climate-neutral operations by 2030 by covering almost three-quarters of its electricity needs with renewable energies. That figure is set to rise to 100% by the end of 2020.



Klaus-Josef Lutz,
CEO, BayWa AG

“Investors believe that BayWa AG's business model is very promising, especially in the field of renewable energies, as the successful placement of our first green bond clearly demonstrates,” says Klaus Josef Lutz, Chief Executive Officer of BayWa AG. The net issue proceeds of 498,15 mEUR are being used 100% to finance the development, the construction and expansion of wind and solar power plants throughout the world.

This Impact Reporting provides you with information about how the funds are allocated. We believe that it is important to report not only on the key financial data, but also, and in particular, on the added value from our projects in terms of benefit for the climate.

We were very pleased with the success of our Green Bond, which confirms our choice of strategic direction. This report marks the first of a series in which we will keep you informed annually about the development of the allocation of the funds of our Green Bond.

Munich, June 2020

¹ This introduction was not within the scope of Deloitte's limited assurance engagement.


BayWa Green Bond – Key Data

The successful placement of the first unrated EUR-Benchmark Green Bond in the amount of €500 million demonstrates that investors are very interested in green alternatives and view BayWa’s business model as very promising, especially in the field of renewable energies.

Green Bonds are issued on financial markets exclusively to fund climate-friendly projects.

Based on our Green Financing Framework, published in May 2019², proceeds from our Green Bonds shall be used exclusively to finance or refinance, in part or in full, eligible Green Projects, as defined below:

Key Data on the Green Bond	
Issuer	BayWa AG
Status	Senior unsecured
Issue Size	€ 500 million
Net proceeds	€ 498,15 million
Issue Date	June 17 th , 2019
Value Date	June 26 th , 2019
Term to maturity	5 years
Maturity	June 26 th , 2024
Cupon	3,125 %
Listing	Luxembourg
ISIN	XS 2002496409

Green Bond Category	Description	Environmental benefits	UN SDG
Renewable Energy	<p>Projects aimed at increasing the production, connection and distribution of renewable energies, including:</p> <ul style="list-style-type: none"> • Solar (photovoltaic) • Wind (onshore) 	<p>GHG emissions reduction</p> <p>Climate change mitigation and adaptation through development of renewable energies</p>	

Projects financed and/or refinanced through the proceeds of the Green Notes are evaluated and selected by a working group of representatives with the required level of expertise and seniority from BayWa and BayWa r.e.

² <https://www.baywa.com/en/restcontent/downloadcenter/other-ir/green-bond.zip>

The role of the working group is to:

1. Review, select and validate the list of Eligible Green Projects, based on the Green Bond Framework;
2. Validate annual reporting for investors;
3. Review the Green Bond Framework to reflect any changes with regards to the Company's sustainability strategies and initiatives.

BayWa Green Bond – Use of Proceeds and Impact

The projects re-/financed by the BayWa Green Bond cover the production of renewable energy from Solar and / or Wind Parks.

a. Overall Portfolio as of April 30th, 2020

Category	Capital expenditure in total (€ million)	Capital expenditure attributable to the bond (€ million)	Thereof Proceeds used for financing (€ million)	Thereof Proceeds used for refinancing (€ million)
Solar (PV)	307,92	300,00	207,88	92,12
Wind	202,11	198,15	74,81	123,34
TOTAL	510,03	498,15	282,69	215,46

There are no unallocated proceeds.

b. Breakdown Portfolio Renewable Energies as of April 30th, 2020

Solar Parks realized, partially or fully allocated to Green Bond

Project Name	Country	Installed capacity (MW)	Realized production (GWh) *	Realized t CO ₂ -eq. avoidance *
Karadoc	Australia	112,00	107,08	91.229
Hughenden	Australia	18,00	26,51	20.487
TOTAL		130,00	133,59	111.716

Thereof attributable to Green Bond

Project Name	Country	In %	Realized production (GWh) ³	Realized t CO ₂ -eq. avoidance ³
Karadoc	Australia	100 %	107,08	91.229
Hughenden	Australia	57,85 %	15,34	11.852
TOTAL			122,42	103.081

Solar Parks under construction, fully allocated to Green Bond

Project Name	Country	Estimated installed capacity (MW)	Estimated production (GWh p.a.)	Estimated t CO ₂ -eq. avoidance p.a.
Yatpool	Australia	106,00	215,60	183.686
Gebeng	Malaysia	39,00	55,26	40.027
Fern	USA	138,00	235,67	111.195
Isohara	Japan	35,00	40,91	22.856
Izumi	Japan	12,00	15,21	8.495
TOTAL		330,00	562,65	366.259

Wind Parks realized, fully allocated to Green Bond

Project Name	Country	Installed capacity (MW)	Realized production (GWh) ³	Realized t CO ₂ -eq. avoidance ³
Mozart	USA	30,00	64,03	30.212
Chopin	USA	10,00	27,79	13.110
Kamionka	Poland	30,00	53,46	46.238
Stormon	Sweden	16,00	44,34	1.809
TOTAL		86,00	189,62	91.369

Wind Park under construction, fully allocated to Green Bond

Wind Projects	Country	Estimated installed capacity (MW)	Estimated production (GWh p.a.)	Estimated t CO ₂ -eq. avoidance p.a.
Strauss	USA	99,00	285,50	134.705

³ Realized production and tCO₂ equivalent avoidance refer to the period from July 1st 2019 – April 30th 2020

Following methodologies have been applied for the calculation of “Estimated Production GWh p.a.” resp. “Estimated t CO₂-eq. avoidance p.a.”:

Estimated Production of GWh p.a.: The estimated production is calculated on a project by project basis as a result of a long term yield forecast study of the specific site as well as the installed capacity of solar modules and wind turbines.

Estimated t CO₂-eq. avoidance p.a.: The estimated avoidance is calculated by the estimated/ realized net energy production of a project times the country specific avoidance factor (Scope 2). For the calculation, BayWa is using Umweltbundesamt (Federal Environment Agency) methodology⁴ with Verband der Automobilindustrie (German Association of the Automotive Industry, VDA) factors⁵.

Munich, June 17th, 2020

⁴ https://www.umweltbundesamt.de/sites/default/files/medien/1410/publikationen/2019-11-07_cc-37-2019_emissionsbilanz-erneuerbarer-energien_2018.pdf#page=20

⁵ <https://www.vda.de/de/services/Publikationen/Publikation.~1597~.html>

INDEPENDENT PRACTITIONER'S REPORT ON A LIMITED ASSURANCE ENGAGEMENT¹

To BayWa AG, Munich/Germany

Our engagement

We have performed a limited assurance engagement on the Green Bond Use of Proceeds and Impact Report (hereinafter: "Green Bond Report") of BayWa AG, Munich/Germany, (hereinafter: "the Company") in accordance with section iv. "Reporting" of BayWa AG's Green Bond Framework as of May 2019 (hereinafter: "BayWa Green Bond Framework"),² for the period from July 1, 2019 to April 30, 2020.

Our engagement has not covered whether the BayWa AG Green Bond, issued on June 17, 2019, has met the criteria of BayWa AG's Green Bond Framework. Furthermore, our engagement has not covered whether the BayWa Green Bond Framework has met the criteria of the Green Bond Principles as issued by the International Capital Markets Association (ICMA), Zurich/Switzerland. Our engagement has not covered the section "Introduction" on p. 2, that the Company has marked as "not within the scope of Deloitte's limited assurance engagement".

Responsibility of the executive directors

The executive directors of BayWa AG are responsible for the preparation of the Green Bond Report in accordance with the BayWa Green Bond Framework.

In preparing the Green Bond Report, the executive directors used BayWa AG's self-developed Green Bond Framework, building upon the Green Bond Principles as of June 2018 of the International Capital Markets Association (ICMA), and have indicated these within the Green Bond Framework.

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

¹ We have issued an independent practitioner's assurance report in German language, which is authoritative. The following text is a convenience translation of the independent practitioner's assurance report.

² BayWa's Green Bond Framework is available at BayWa's website: https://www.baywa.com/binaries/pdf/content/documents/baywacms-en/downloadcenter/other-ir/green-bond/green-bond/baywacms%3Adownloadpdf/Anleihe_2019_BayWa_e.pdf

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

Practitioner's responsibility

Our responsibility is to express a limited assurance conclusion on the Green Bond Report, based on the assurance engagement we have performed.

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

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

We conducted our assurance engagement in compliance with the International Standard on Assurance Engagements (ISAE) 3000 (Revised): "Assurance Engagements other than Audits or Reviews of Historical Financial Information" issued by the IAASB. This standard requires that we plan and perform the assurance engagement in a form that enables us to conclude with limited assurance that nothing has come to our attention that causes us to believe that the information disclosed in the Green Bond Report has not complied, in all material respects, with the BayWa Green Bond Framework as of May 2019. In a limited assurance engagement the assurance procedures are less in extent than for a reasonable assurance engagement and, therefore, a substantially lower level of assurance is obtained. The assurance procedures selected depend on the practitioner's professional judgment.

Within the scope of our limited assurance engagement, which was performed in June 2020, we conducted, amongst others, the following audit procedures and other activities:

- Interviews of relevant employees that participated in the preparation of the Green Bond Report about the process of preparation, the measures on hand and precautionary measures (system) for the preparation of the Green Bond Report as well as about the information within the Green Bond Report
- Identification of the risks of material misstatement within the Green Bond Report

- Assessing whether the proceeds raised from the green bond have been allocated in accordance with the BayWa Green Bond Framework
- Assessing the impact indicators of the selected green assets in service:
 - Total installed capacity as of April 30, 2020
 - Realized production for the period from July 1, 2019, to April 30, 2020
 - Theoretical GHG emissions avoided for the period from July 1, 2019, to April 30, 2020
 - Underlying assumptions in the models used for calculations by the Company
- Assessing the impact indicators of the selected green assets under construction:
 - Estimated total installed capacity
 - Estimated future production p.a.
 - Estimated theoretical future GHG emissions avoided p.a.
 - Underlying assumptions in the models used for calculations by the Company
- Reconciliation of the disclosures within the Green Bond Impact Report with the respective data within the consolidated financial statements, the combined management report and the combined non-financial group report
- Review of the presentation of the disclosures

Practitioner's conclusion

Based on the assurance work performed and evidence obtained, nothing has come to our attention that causes us to believe that the information disclosed in the Green Bond Report of the Company, for the period from July 1, 2019, to April 30, 2020 has not complied, in all material aspects, with section iv. "Reporting" of the BayWa Green Bond Framework.

Our opinion does not refer to whether the BayWa AG Green Bond, issued on June 17, 2019, has met the criteria of BayWa AG's Green Bond Framework. Furthermore, our opinion does not refer to whether the BayWa Green Bond Framework has met the criteria of the International Capital Markets Association's Green Bond Principles. Our opinion does not refer to the section "Introduction" on p. 2, that the Company has marked as "not within the scope of Deloitte's limited assurance engagement".

Specific purpose

Without modifying our conclusion we call attention to Section iv. "Reporting" of the BayWa Green Bond Framework, where the applicable criteria are described. The Green Bond Report was prepared to report on the allocation of net proceeds and associated impact metrics of the BayWa Green bond, issued on June 17, 2019. Therefore, the Green Bond Report may not be suitable for another purpose.

Purpose of the assurance statement

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

Liability

The report is not intended to provide third parties with support in making (financial) decisions. Our responsibility exclusively refers to BayWa AG and is also restricted under the engagement agreed with BayWa AG on May 28/29, 2020 as well as in accordance with the "General engagement terms for Wirtschaftsprüfer and Wirtschaftsprüfungsgesellschaften (German public auditors and German public audit firms)" from January 1, 2017 of the Institut der Wirtschaftsprüfer in Deutschland e.V. We do not assume any responsibility to third parties.

Munich/Germany, June 17, 2020

Deloitte GmbH

Wirtschaftsprüfungsgesellschaft

Signed: (Cornelia Tauber)
[German Public Auditor]

Signed: (ppa. Dr. Matthias Schmidt)