



BayWa's Green Bond Framework

May 2019

BayWa

Introduction

Globalisation, digitalisation and climate change mitigation are the current challenges of the economy and our lives. As a trading, logistics and services group with worldwide operations, BayWa Group has a key role to play in addressing these challenges. It develops solutions that make agriculture more efficient in an environmentally sound way, builds plants and systems for renewable energies and helps power the advancement of energy efficiency and healthy housing in the construction sector.



Klaus-Josef Lutz, CEO

“The hot summer, harvest losses and weather-related disasters of 2018 serve as dramatic evidence of just how strongly our wellbeing depends on wider-scale climatic developments. We are also getting an ever-clearer sense of how closely linked our wellbeing is with the events on other continents in a global economy. Climate change is one of the greatest challenges of our time.

By way of its actions, BayWa has an influence on nature and the environment through its Agriculture, Energy and Building Materials Segments in its role as a globally operating group. BayWa intends to reduce the impact on the environment to the greatest extent possible through proactive environmental management.

We have set ourselves the additional target of building and/or operating new renewable energy generation plants with 10 gigawatts of output worldwide by 2025. That’s enough to supply 6 to 7 million households.

With the launch of the BayWa Green Bond Framework and issuance of Green Bonds, we will further finance new renewable energy generation plants in the wind and the solar sector.”

The purpose of this document is to describe BayWa’s Green Bond Framework.

Presentation of BayWa Group

1. BayWa Group: Profile and Organisation

The BayWa Group, head quartered in Munich, is operating in three segments worldwide, namely Agriculture, Energy and Building Materials. Part of BayWa’s efforts today also includes shaping the digital transformation, which BayWa aims to do through its Innovation & Digitalisation Segment focused on the development of new and digital solutions. 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.

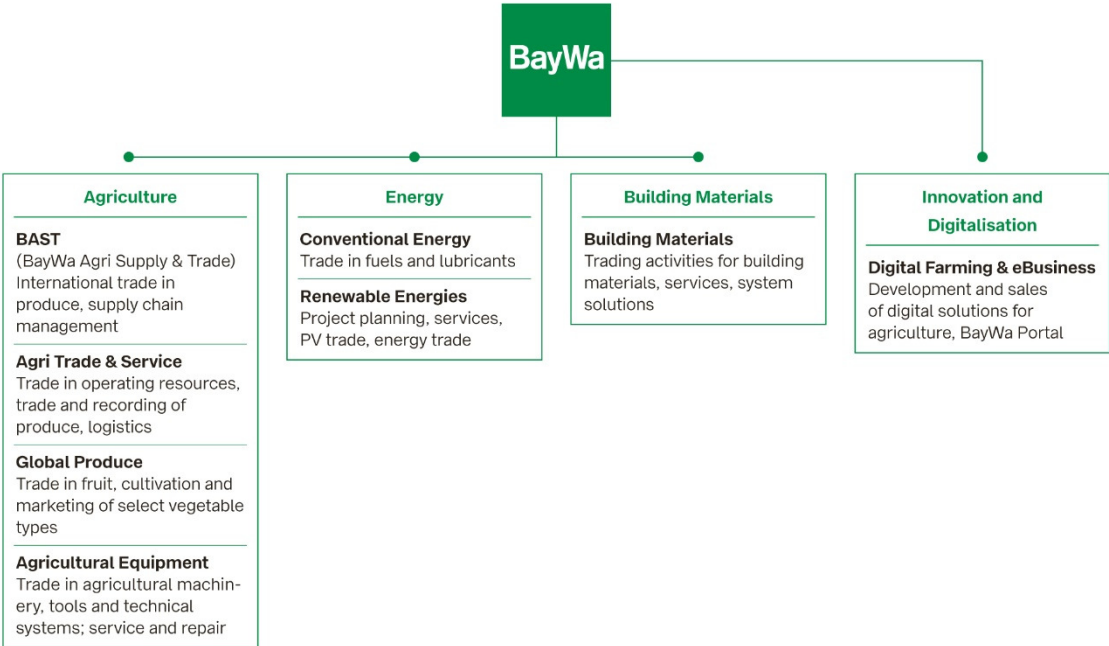


Figure 1: BayWa Group Organisation

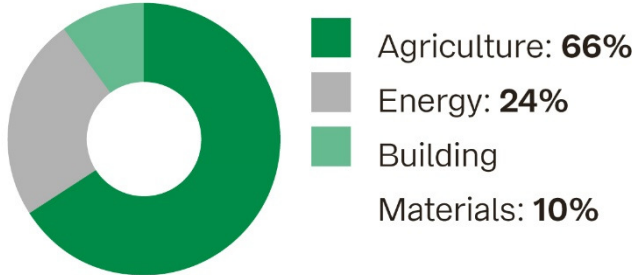
The **Agriculture** segment comprises four business units: BayWa Agri Supply & Trade (BAST), Agri Trade & Service, Global Produce and Agricultural Equipment. BAST encompasses the BayWa Group’s international trading, distribution and logistics activities involving grain, oilseed and additional products, acting as a supply chain manager, covering the entire value chain from procurement and logistics to sale. The Agri Trade & Services business unit covers all stages of farms’ value chains: recording, sales and service. It supplies national farmers with agricultural inputs throughout the entire agricultural year and collects as well as markets the harvest regionally. The Global Produce business unit combines all activities of the Group in the business of fruit and vegetable growing and trading these products. The full

line of machinery, equipment and systems for all areas of agriculture is offered in the Agricultural Equipment business unit.

The **Energy** operating segment is divided into the Renewable Energies business unit and the Conventional Energy business unit. Under the BayWa r.e. renewable energy GmbH umbrella, the Group covers the largest part of the value chain in the renewable energies business. Business activities are divided into four areas: project development / implementation, services, photovoltaic trade and energy trade from renewable energy sources. The Conventional Energy business unit comprises an extensive network, which ensures the supply of heating oil, fuels, lubricants and wood pellets to commercial and private customers. Diesel and Otto fuels are sold through numerous filling stations.

The **Building Materials** segment comprises building materials trading activities, as well as the operation of do-it-yourself (DIY) and garden centers in Austria.

The **Innovation & Digitalisation** segment, which evolved from the former Digital Farming unit and the Group’s e-commerce business activities, develops and provides software solutions and integrated services for enhancing productivity in agriculture.



1 Figures rounded. The segment Innovation & Digitalisation and Other Activities make up less than 1 per cent of total revenues

Figure 2: Business unit breakdown (by revenues)

Nowadays, BayWa coordinates some 3,000 locations in 41 countries from its headquarters in Munich. In 2018, the company generated EUR 16.6Bn in revenues with a workforce of 19,388 employees. The key markets are Europe, the United States and New Zealand. With regard to renewable energies, increasing focus is being placed on the Asian market.

2. BayWa Group: Governance

a. Management and Control

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

As at 31 December 2018, the Board of Management consisted of six members following Marcus Pöllinger's appointment to the Board of Management with effect from 1 November 2018. The Board of Management manages the company, develops its strategic orientation and ensures implementation. The Board of Management is also responsible for risk management and compliance. It meets at least once a month.

The Supervisory Board represents the company with respect to the Board of Management. It appoints Board of Management members, monitors them and advises them on how to manage the company. In accordance with the German Codetermination Act (MitbG), shareholder and employee representatives also sit on the Supervisory Board to ensure codetermination based on parity. For the purposes of efficient control, the board works in six specialised committees. Personal qualifications are a key factor for appointments to the Supervisory Board and Board of Management.

For its corporate governance, the BayWa group uses the recommendations of the German Corporate Governance Code (GCGC) and other sources as guides.

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

The Board of Management is also responsible for dealing with environmental and social risks and opportunities. Sustainability management is assigned to the Chief Executive Officer. Since 2013, reports on the current status of the company's sustainability activities have been made to the entire Board of Management during its meetings every six months.

b. Organisational structure for sustainability

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

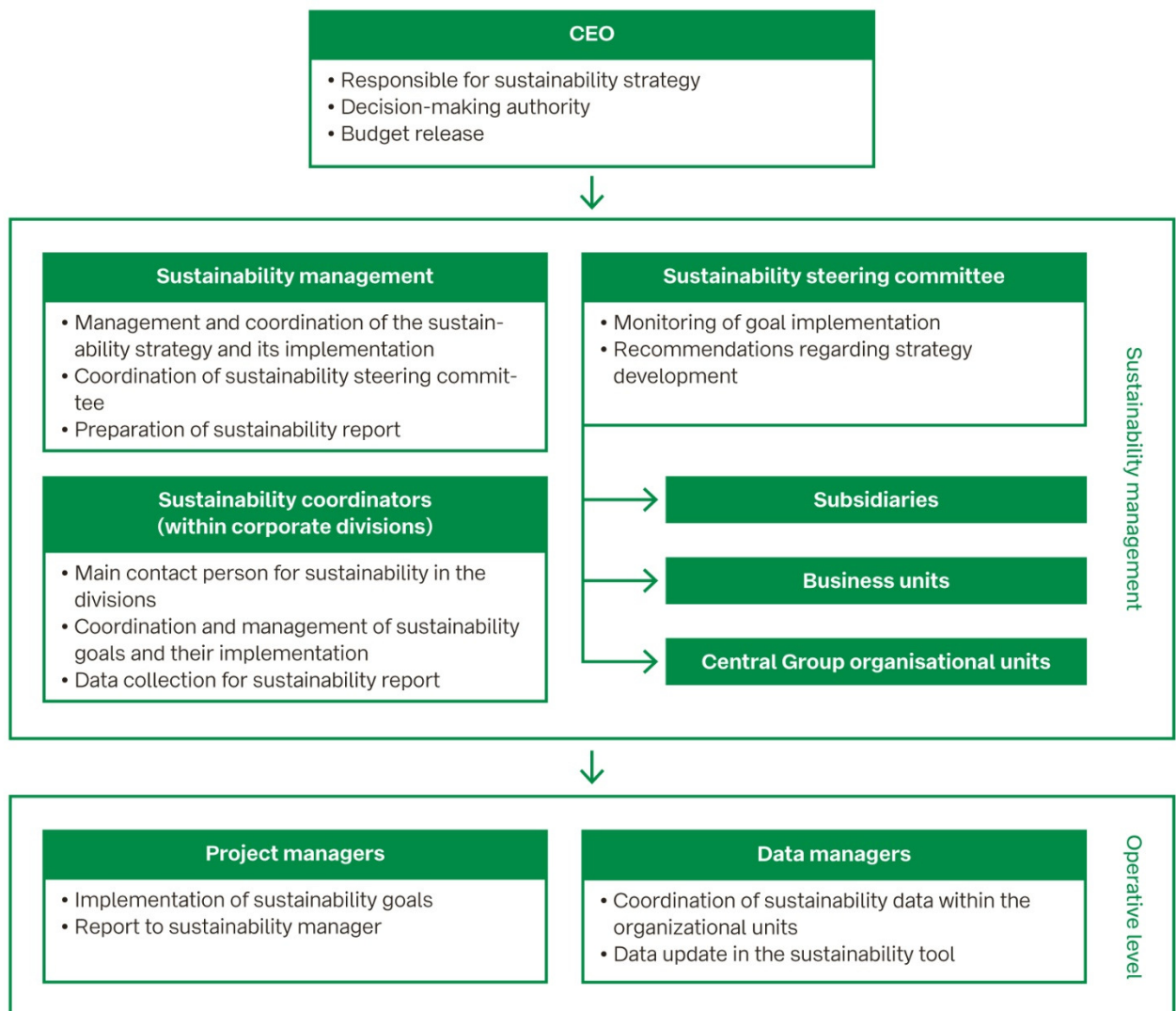


Figure 3: Organisational structure, sustainability, BayWa Group

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

There are various standards in place at BayWa such as the transport of dangerous goods, incident law, ambient pollution protection, chemical and hazardous materials storage as well as water law, which aim to prevent environmentally harmful incidents and to limit their scope in case of damage.

c. [Dialogue with main stakeholders](#)

BayWa believes that it is important to cultivate dialogue with its most important stakeholders – customers, suppliers, employees, investors, as well as the general public – in order to build a robust strategy. BayWa aims to do so by:

- regularly measuring **customer** satisfaction in the individual business units,
- maintaining strategic dialogue with **suppliers**, such as through annual audits,
- informing its **employees** of current developments and implementing employee suggestion scheme
- keeping **investors** informed of the business assets, financial position, performance and earnings of the Group, through roadshows, financial reports, and Annual General Meeting,
- dealing with **general public** through participation in some 150 associations, clubs and academic institutions

3. [BayWa's sustainability strategy](#)

a. [BayWa's approach to Sustainability](#)

The economy is shaped by global challenges. BayWa is rising to these challenges with a corporate strategy in which a responsible approach to people and natural resources plays an integral role.

To ensure lasting success in the long run, BayWa links its international growth with the global UN Sustainable Development Goals, which form the foundation for sustainable and entrepreneurial conduct.

Tradition and innovation is at the core of BayWa’s strategy. The company has always combined solid, profitable growth with a focus on the interests of future generations.

BayWa’s trusting relationships with customers, employees, investors and suppliers are shaped by its origins as a cooperative. These relationships depend on its brand values: trust, solidity and innovation. The sustainability strategy’s four fields of action allow BayWa to balance its economic, environmental and social activities. Definitions of the strategic focus were supported by the sustainability steering committee.

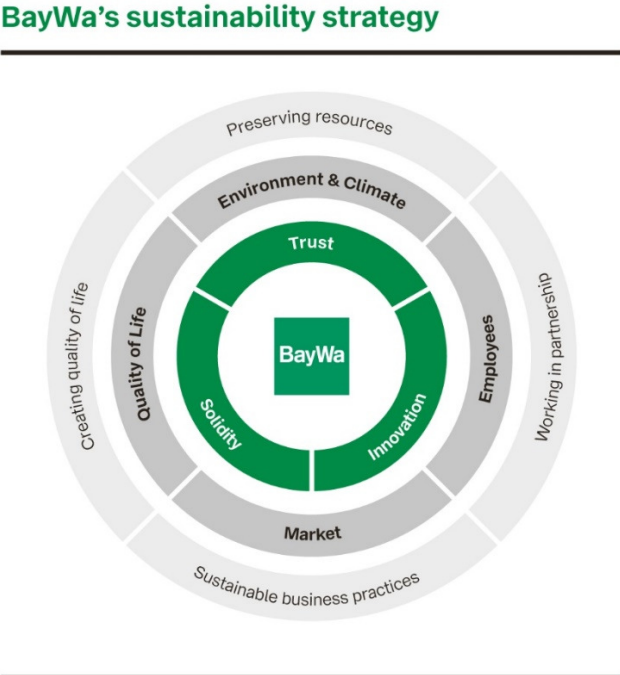


Figure 4: BayWa's sustainability strategy

b. BayWa’s role in achieving the UN-Sustainability Development Goals (SDG)

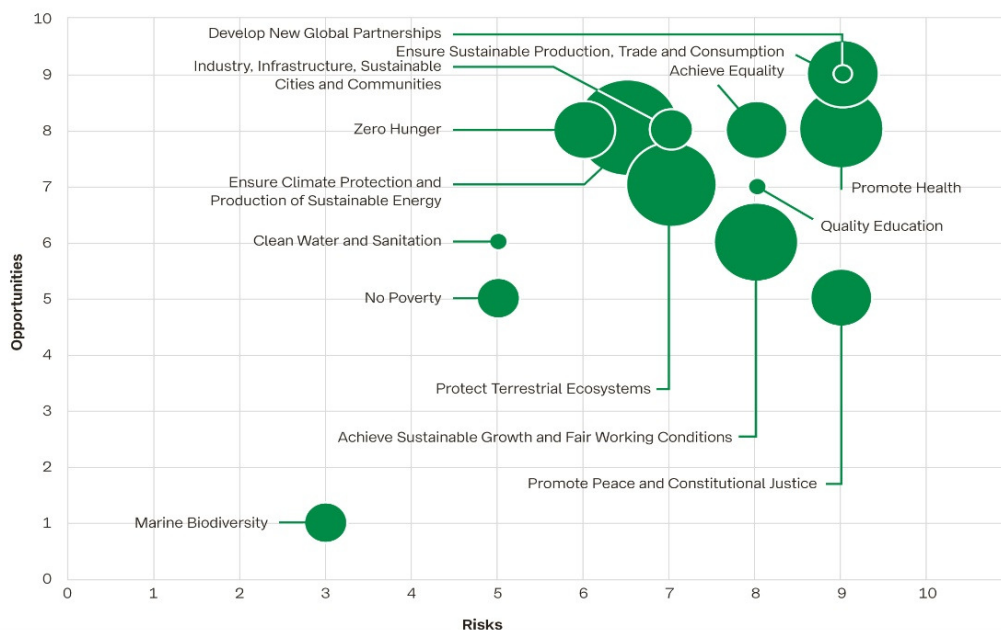
Since 2016, BayWa has oriented the definition of its material management and reporting topics towards the United Nations Sustainable Development Goals (SDGs).

Based on the SDGs, the sustainability steering committee has identified the main non-financial issues for future business development and defined the fields in which BayWa’s business activities are associated with significant impacts on the environment, employees and society. The discussion revealed that potential positive and negative impacts on the environment, employees, society, efforts to fight corruption and bribery, and respecting human rights exist for five fields at BayWa:

- Ensuring Climate Protection and Production of Sustainable Energy
- Protecting Terrestrial Ecosystems
- Promoting Health
- Achieving Sustainable Growth and Fair Working Conditions
- Ensuring Sustainable Production, Trade and Consumption

Climate protection and the generation of clean energy are already associated with business opportunities and risks today, and BayWa drew up an ambitious climate strategy (see section “BayWa’s ambitious climate strategy” below)

As a result of its analysis, BayWa has created the following materiality matrix. BayWa plans to revise its materiality analysis in 2019 and intends to survey its external stakeholders to this end.



The higher an issue is ranked on the x- or y-axis, the greater the risks and/or opportunities associated with BayWa’s long-term business success. The relative size of the issues reflects the estimated potential impact due to BayWa’s business activity. The larger the circle, the greater the potential impact.

Figure 5: Result of the materiality analysis

Aware of these environmental and social challenges, BayWa’s steering committee analysed the SDGs in relation to their significance for long-term business success.

As part of this evaluation process, 11 of the 17 SDGs in total were defined as being of above-average relevance for BayWa. Since then, the findings have constituted the foundation for sustainability management and annual reporting in accordance with the Global Reporting Initiative (GRI). In the further development of its sustainability strategy, BayWa will pay attention to making a particular contribution to the implementation of these global targets.

Key challenges (based on the UN Sustainable Development Goals (SDGs)^{1, 2}



Ensure Sustainable Production, Trade and Consumption

SDG²: 12. Responsible consumption and production

GRI Topics³: Emissions (i, o), Energy (i, o), Environmental Compliance (i, o), Procurement Practices (o), Marketing and Labeling (i, o), Materials (o), Effluents and Waste (i, o), Supplier Environmental Assessment (o), Supplier Social Assessment (o)



Promote Health

SDG²: 3. Good health and well-being

GRI Topics³: Indirect Economic Impacts (i, o), Emissions (i, o), Effluents and Waste (i, o), Marketing and Labeling (i, o), Customer Health and Safety (i, o), Occupational Health and Safety (i)



Develop New Global Partnerships

SDG²: 17. Partnerships for the goals

GRI Topics³: Environmental Compliance (i, o), Emissions (i, o), Effluents and Waste (i, o), Indirect Economic Impacts (i, o), Supplier Social Assessment (o), Human Rights Assessment (o), Supplier Environmental Assessment (o)



Achieve Food Security and Sustainable Agriculture

SDG²: 2. Zero hunger

GRI Topics³: Indirect Economic Impacts (i, o), Marketing and Labeling (i, o), Local Communities (o), Procurement Practices (o), Customer Health and Safety (i, o), Healthy and Affordable Food (o), Economic Performance (i, o), Energy (i, o), Supplier Environmental Assessment (o)



Promote Peace and Constitutional Justice

SDG²: 16. Peace, justice and strong institutions

GRI Topics³: Anti-Corruption (i, o), Environmental Compliance (i, o), Indirect Economic Impacts (i, o), Socioeconomic Compliance (i, o), Anti-competitive Behavior (i), Public Policy (i), Customer Health and Safety (i, o), Marketing and Labeling (i, o), Human Rights Assessment (o), Local Communities (o), Non-discrimination (i, o), Supplier Social Assessment (o)



Achieve Sustainable Growth and Fair Working Conditions

SDG²: 8. Decent work and economic growth

GRI Topics³: Indirect Economic Impacts (i, o), Diversity and Equal Opportunity (i), Procurement Practices (o), Economic Performance (i, o), Market Presence (i, o), Training and Education (i), Employment (i), Energy (i, o), Supplier Social Assessment (o), Non-discrimination (i, o), Occupational Health and Safety (i), Materials (o)



Ensure Climate Protection and Production of Sustainable Energy

SDG²: 13. Climate action, 7. Affordable and clean energy

GRI Topics³: Energy (i, o), Emissions (i, o), Materials (o), Effluents and Waste (i, o), Environmental Compliance (i, o), Economic Performance (i, o), Indirect Economic Impacts (i, o), Supplier Environmental Assessment (o)



Achieve Equality

SDG²: 5. Gender equality, 10. Reduce inequalities

GRI Topics³: Procurement Practices (o), Diversity and Equal Opportunity (i), Employment (i), Training and Education (i), Economic Performance (i, o), Indirect Economic Impacts (i, o), Non-discrimination (i, o), Supplier Social Assessment (o)



Protect Terrestrial Ecosystems

SDG²: 15. Life on land

GRI Topics³: Procurement Practices (o), Environmental Compliance (i, o), Emissions (i, o), Materials (o), Energy (i, o), Effluents and Waste (i, o), Supplier Environmental Assessment (o)

¹ The following SDGs were assigned a score of less than seven and were therefore considered insignificant for BayWa: Clean Water and Sanitation; Quality Education; Industry, Innovation and Infrastructure; Sustainable Cities and Communities; No Poverty; and Marine Biodiversity. For information on the methodology, see page 09.

² Source: UN Sustainable Development Goals, UN Guidelines for Use of SDG logo and 17 icons

³ Significant within (i) or outside (o) the organisation; attribution to multiple categories possible; the contribution follows: Linking the SDGs and GRI.

The purpose of this exercise was also to define material information for the implementation of the German CSR Directive Implementation Act. Under the European CSR reporting obligation, BayWa AG presents a separate consolidated non-financial report since 2018. The Group reports on those aspects that are relevant for understanding business performance, business results and the company's position, and that are also associated with a significant impact on non-financial aspects. For the second year in a row, BayWa AG has published a separate consolidated non-financial report pursuant to the German CSR Directive Implementation Act as part of its sustainability report¹.

Furthermore, in 2019 BayWa reports for the first time on the CDP².

¹ BayWa Sustainability Report 2018:

https://www.baywa.de/fileadmin/media/relaunch/Downloads/Nachhaltigkeit/BayWa_Sustainability_Report_2018.pdf

² <https://www.cdp.net/en>

4. BayWa' ambitious environmental and climate objectives

BayWa strives to make a major contribution to limiting climate change and its effects. The Board of Management of BayWa adopted the BayWa climate strategy in 2018, guided by the 1.5 degree target.

BayWa's core goal is to reduce its CO2 emissions attributable to energy and mobility by 22% by 2025 (compared to 2017), and has set a long-term target of being climate-neutral by 2030.

In particular, BayWa has set ambitious targets and strategies in the following three main areas:

- **Energy consumption and greenhouse gas emissions** – BayWa will cover its own electricity needs entirely with renewable energies by 2020. BayWa plans to create 10 gigawatts of additional renewable energy generation capacities by 2025.

In order to further reinforce this goal, BayWa has decided to support RE100³ as an active member. RE100 is a global corporate leadership initiative bringing together influential businesses⁴ committed to 100% renewable electricity. Led by the Climate Group⁵ in partnership with CDP⁶, RE100's purpose is to accelerate change toward zero carbon grids, at global scale.

- **Waste and waste water** - reducing waste and increasing the rate of recycling
- **Transports and logistics** – Creating optimal distribution structures through network planning, increasing the number of shipments by rail and inland waterways, and using a modern vehicle fleet. By 2025, electric vehicles should replace 20 per cent of the fleet, above all the diesel vehicles. BayWa r.e. also intends to adopt Group-wide vehicle fleet guidelines by 2019.

³ <http://there100.org/>

⁴ <http://there100.org/companies>

⁵ <https://www.theclimategroup.org/>

⁶ <https://www.cdp.net/en>

Climate target and additional goals

The BayWa climate target for 2025 is at the heart of the strategy. Four additional targets are designed to help the Group achieve its goal.

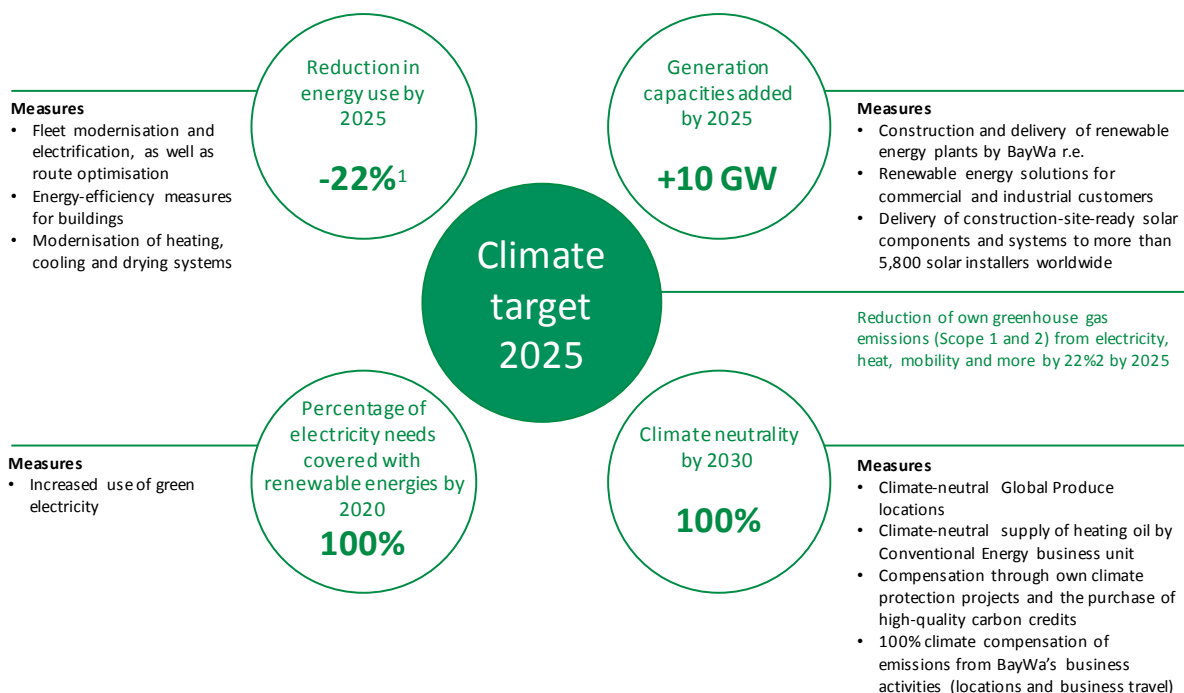


Figure 6: Climate target and additional goals

BayWa's sustainability objectives has been summarised in the following table:

BayWa's sustainability Objectives to 2020			Achievement of objectives in 2018
Environment and Climate	Reduction of CO₂ emissions	<ul style="list-style-type: none"> • Establishment of a strategic energy management system • Development of a CO₂ reduction target for BayWa's global activities • Measurement and management of all location-specific sources of emissions (Scopes 1 and 2) and the inclusion of emissions from the up- and downstream value chain from 2018 • Continuous identification and implementation of reduction measures – expansion of carbon-neutral activities 	<ul style="list-style-type: none"> • Preparation and adoption of the BayWa Climate Strategy 2025 • Finalisation and communication of guidelines applying across the Group for the procurement of carbon credits • Implementation of carbon-neutral supply (of heating oil and wood pellets) in the Conventional Energy business unit • Carbon neutrality of BayWa r.e. and the German locations of Global Produce • Planning for the expansion of climate neutrality to additional international locations of Global Produce • Integration of all fully consolidated companies in sustainability reporting • Admission to the Allianz für Entwicklung und Klima (alliance for development and climate) of the Federal Ministry for Economic Cooperation and Development (BMZ)
	Transport and logistics	<ul style="list-style-type: none"> • Efficient and sustainable design of transport and logistic processes 	<ul style="list-style-type: none"> • Optimised fleet management, reduced emissions related to logistics in the Conventional Energy business unit • Adoption of reduction targets for Scope 1 emissions of minus 22 per cent by 2025 in comparison with 2017 • Revision of the vehicle fleet guidelines with the objective of electrifying the car fleet
Market	Governance and data quality	<ul style="list-style-type: none"> • Clear processes and contacts for sustainability issues • Greater transparency based on the consistent collection of social and environmental data • Measurement and management of sustainability performance through defined performance indicators and targets 	<ul style="list-style-type: none"> • Expansion of sustainability reporting to the entire Group • Group-wide introduction of a tool for recording relevant sustainability data • Nomination of permanent points of contact for all Group companies for data collection
	Code of Conduct for suppliers	<ul style="list-style-type: none"> • Code of Conduct for suppliers based on BayWa AG's Code of Conduct • Short-term objective: putting greater focus on 	<ul style="list-style-type: none"> • Workshops carried out on the subject of sustainable supply chain management in the BayWa Building Materials Segment to increase awareness of opportunities and risks for sustainability

		<ul style="list-style-type: none"> human rights within Group-wide risk management Medium-term objective: getting 10 per cent of BayWa AG's most important suppliers to sign Long-term objective: getting all suppliers to sign 	<ul style="list-style-type: none"> along the value creation chain. 100 per cent of BayWa AG suppliers in high-risk countries screened
Employees	Employee training	<ul style="list-style-type: none"> Regular training on challenges, strategy, objectives and measures with regard to sustainability; encouraging employees to help shape the company's efforts Making managers aware of stakeholder expectations; providing them with the motivation to take initiative 	<ul style="list-style-type: none"> Management conference with the key topics of diversity, unity and excellence. 2,804 workers trained in compliance (classroom and online training sessions) as well as 12,920 employees on data protection and information security 1,300 BayWa AG employees participated in a total of 78 training sessions on how to handle environmentally relevant products, the transport of hazardous goods, and the storage and delivery of hazardous substances
Quality of Life	Future scenarios for quality of life	<ul style="list-style-type: none"> Development of future scenarios by cross-departmental and cross-business-unit groups of experts Analysis of long-term societal changes and the value creation processes that arise as a result Working out ways that BayWa can contribute to sustainable development 	<ul style="list-style-type: none"> BayWa membership of organic association Biokreis Holding several Social Days together with the BayWa Foundation to promote the social involvement of BayWa employees

5. Focus on BayWa r.e.

a. BayWa's r.e. activity overview

BayWa is a major global player in the market of renewable energies. Under the umbrella of BayWa r.e. renewable energy GmbH (BayWa r.e.), the Group covers the entire value chain in the renewable energies business – solar, wind and bioenergy – including the development, realisation and sale of operation-ready plants plus system support, in addition to trading in photovoltaic systems and components. This business unit has a strong international focus, and its core markets have operations throughout Europe and North America, with future emphasis on Australia, Japan, South-East Asia and emerging markets.

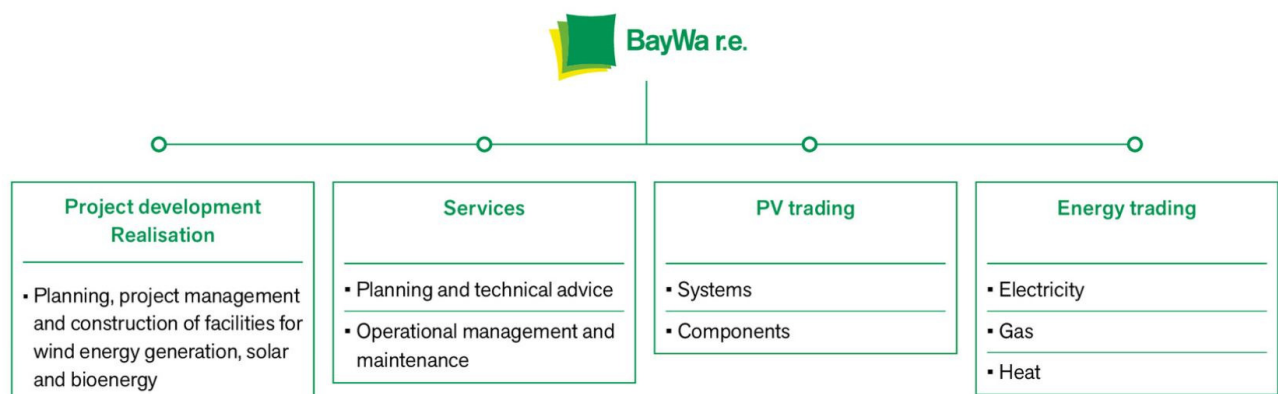


Figure 7: BayWa r.e. activities

* Activities pooled under the umbrella of BayWa r.e. renewable energy GmbH

BayWa r.e. proceeds according to the “BOOT strategy”: Build, Own, Operate and Transfer. Once it has sold a plant, the company remains available as a service provider to ensure smooth operations. A global team of experts provides services ranging from the maintenance and servicing of plants to their technical and commercial management. BayWa r.e. strengthens its service business by taking over smaller, established providers. The company has established a leading market position in this business based on long-term contracts.

Another mainstay in the Renewable Energies business unit is the company’s trade in photovoltaic systems and components. BayWa r.e. is also a leading system supplier to the solar wholesale market. Integrated concepts that take all renewable energy options into account are at the centre of these efforts. From long-term supply agreements for solar and wind energy to in-house consumption using storage systems, right up to charging stations for company vehicles – the company offers a large diversity of solutions from the private and public sector. With its broad range of services, BayWa r.e. can deliver individually customised energy concepts that are tailored to meet every national regulatory framework.

b. BayWa r.e.’s carbon-neutral operations

“BayWa r.e. has always actively contributed to climate protection with its renewable energies business. We are proud to say that, in the reporting year 2018, our business operations are also 100 per cent carbon-neutral for the first time,” says Matthias Taft, CEO of BayWa r.e.

As a first step, the BayWa r.e. subsidiaries recorded their emissions from the energy consumption of their own plants, fuel consumption of the vehicle fleet and emissions arising from business trips by train, airplane or rental car. BayWa r.e. offsets or reduces these CO₂ emissions through the purchase of green electricity and by increased efficiency and savings measures in the energy and travel management areas. This will not bring the figure down to zero, since as an internationally operating business, it is ultimately not possible to do away with travel activities entirely.

The remaining emissions are now offset by BayWa r.e. through high-quality carbon credits that support forest conservation and renewable energy production projects across the globe.

BayWa's Green Bond Framework


BayWa has decided to commit to the Sustainable Capital Markets as a way of financing renewable energy projects and has created a Green Bond Framework.

The Green Bond Framework has been designed using the Green Bond Principles, 2018 version, published by the International Capital Markets Association (ICMA), and has been reviewed by ISS-oekom. BayWa intends to follow best market practise and will communicate in a transparent manner on:

- i. Use of Proceeds
- ii. Process for Project Evaluation and Selection
- iii. Management of Proceeds
- iv. Reporting

i. Use of proceeds

An amount equal to the net proceeds from the issuance of the Green bonds will be used to finance or refinance, in part or in full, Eligible Green Projects, as defined below.

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>-</p> <p>Climate change mitigation and adaptation through development of renewable energies</p>	

Eligible Green Projects include new projects, projects under construction or in BayWa's portfolio.

Eligible Green Projects exclude any projects related to fossil fuel and hydro energy production, transmission and distribution.

If for any reason a project were no longer eligible, BayWa will use its best efforts to substitute any assets that are no longer eligible, as soon as practical once an appropriate substitution option has been identified.

ii. Process for Project Evaluation and Selection

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.

This team will be constituted of representatives from:

- Members of the Board,
- the Treasury team,
- the CSR team,
- Finance team of BayWa r.e.
- the Project team

The Project team will evaluate the nominated projects and assets and report the information to this working group. Then the working group will be responsible to select the Eligible Green Projects that are compliant with the eligible categories described in the previous section.

The role of the working group will be 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

iii. Management of Proceeds

The net proceeds from BayWa's Green bonds will be deposited in the general account and an amount equal to the net proceeds will be earmarked for allocation to the Eligible Green Projects of BayWa r.e., in accordance with BayWa's Green Bond Framework.

All relevant information regarding the issuance of Green bonds and projects (re)financed will be monitored and kept in its accounting systems. The balance of the tracked proceeds should be periodically adjusted on a quarterly basis, in order to match allocations to Eligible Green Projects (re)financed during this period.

BayWa will use its best efforts to substitute any projects that are no longer eligible, as soon as practical once an appropriate substitution option has been identified.

The payment of principal and interest on any bond issued by BayWa under the Framework will be made from its general funds and will not be linked to the performance of any Eligible Green Project.

Pending the allocation or reallocation, as the case may be, of the net proceeds, BayWa will invest the balance of the net proceeds, at its own discretion, in cash or cash equivalent, or in other liquid marketable instruments, as per the company’s liquidity management policy.

BayWa intends to allocate the full amount of proceeds within the next 12 months following the issuance of the Green Notes.

iv. Reporting

BayWa will report on the allocation of net proceeds and associated impact metrics of the Green bond within one year from issuance date and annually thereafter until the proceeds have been fully allocated, and as necessary in the event of material development.

This report will be published as a standalone green bond report on BayWa’s website.

Allocation Report

The report will include:

- The list of Eligible Green Projects (re)financed;
- The aggregated amount of allocation of the net proceeds to the Eligible Green Projects
- The proportion of net proceeds used for financing versus refinancing; and,
- The balance of any unallocated proceeds invested in cash and/or cash equivalents

Impact Report

Where possible, BayWa will report on a number of impact metrics associated with the Green Eligible Projects funded with the net proceeds of the Green bond

Green Bond Category	Impact Measurement Metrics - Examples
Renewable energy	<ul style="list-style-type: none"> ▪ Estimated installed capacity (MW) ▪ Estimated production (GWh) ▪ Estimated tCO2 eq. avoided

v. External Review

a. Pre-issuance

BayWa has appointed ISS-oekom to review the Eligible Green Projects and to provide a Second Party Opinion on its Green Bond Framework.

The Second Party Opinion and the Green Bond Framework will be made available on BayWa's website.

b. Post-issuance

The allocation of Green Bond proceeds, adherence to asset selection criteria, and environmental metrics will be reviewed by an independent auditor who will provide a limited assurance. The auditors' report will be made available on BayWa's website.

Disclaimer

This Green Bond Framework does not constitute or form part of, and should not be construed as, an offer or invitation to sell securities of BayWa AG (“The Issuer”), or the solicitation of an offer to subscribe for or purchase securities of The Issuer, and nothing contained herein shall form the basis of or be relied on in connection with any contract or commitment whatsoever. Any decision to purchase any securities of The Issuer should be made solely on the basis of the information to be contained in the Prospectus produced in connection with the offering of such securities. Prospective investors are required to make their own independent investigations and appraisals of the business and financial condition of The Issuer and the nature of the securities before taking any investment decision with respect to securities of The Issuer.

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