BayWa r.e.

Sustainability Update 2023

About this Report

This Sustainability Update 2023 aims to inform BayWa r.e. Group's key stakeholders about our sustainability approach, relevant ESG KPIs and a selection of case studies showcasing how we live sustainability in the areas we are active in. It covers the material impacts, risks and opportunities connected with BayWa r.e. AG's direct and indirect business relationships in the upstream and downstream value chain ("value chain information") as per 31.12.2023.

BayWa r.e. Group is part of our parent company's, BayWa AG, sustainability reporting process. This report thus complements BayWa AG's sustainability disclosures, while expanding on topics relevant to our specific business models in the renewable energy sector.

Unless otherwise indicated, this Sustainability Update covers the sustainability data of the entire BayWa r.e. Group, including all its subsidiaries, following the same scope of consolidation as for its financial statements. The update is not intended to meet any specific reporting standard, but it can be referenced with relevant disclosure frameworks where needed (see appendix).

Data and assumptions used in preparing this Sustainability Update are consistent with the corresponding financial data and assumptions used in our financial statements. Forward-looking information and statements disclosed in this report are based on current assessments and forecasts of management and draw on information currently available. These forward-looking statements are therefore not a guarantee of the future developments and the results described. Instead, they depend on numerous factors; they harbor various risks and imponderables and are based on assumptions that may not prove to be accurate. BayWa r.e AG does not assume any guarantee that these forward-looking expectations and assumptions will actually occur, nor does it undertake any obligation for updating or adjusting them to future events or developments.

This report has not been audited. Our parent company's report, including BayWa r.e.'s sustainability data, has been audited with limited assurance, and the specific audit scope of the 2023 BayWa AG Sustainability Report is indicated accordingly.

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Foreword

As we delve into BayWa r.e.'s Sustainability Update 2023, it is important to reflect on the tumultuous landscape in which we operate. The challenges of today's market, characterized by high inflation, soaring interest rates, and intensified competition, are further compounded by geopolitical tensions. In such an environment, adapting to change is imperative for businesses around the world, including ours.

It's during these times that the resilience and sustainability of businesses are put to the test. We must navigate volatile market conditions and emerge more resilient and flexible than before. Change is a necessity to remain profitable.

Recognizing the need to align with capital market standards and anticipate future regulatory requirements, we are reshaping our reporting approach to prepare for the Corporate Sustainability Reporting Directive (CSRD). This will entail a shift in the format of our annual Sustainability Report from 2024 onwards. However, in the interim, we are committed to keeping our key stakeholders informed with this condensed Sustainability Update for the financial year 2023.

Central to our approach is the integration of Environmental, Social, and Governance (ESG) considerations into every facet of our operations. We strive to not only meet but to exceed standards through robust management and monitoring practices. The systematic establishment and diligent steering of Key Performance Indicators (KPIs) guide our progress, ensuring accountability and transparency in our sustainability endeavors.

Moreover, our commitment to data integration and quality checks underscores our dedication to achieving better comparability and reducing inefficiencies within our company. By harnessing the power of data, we empower informed decision-making and drive continuous improvement across our operations.

At BayWa r.e., sustainability is not just a goal but a powerful motivator that inspires and drives our employees every day. It instills a sense of purpose and pride in us, because we know that our work contributes to a more sustainable and therefore healthier planet. It is this shared commitment to sustainability that fosters innovation, collaboration and dedication, empowering our colleagues to overcome challenges and create impactful solutions.

Looking ahead, our ambitions extend far beyond mere compliance. We want to set and fulfill sustainability targets that surpass expectations, setting benchmarks for responsible business practices. Our journey toward a more sustainable future is not just a corporate mandate but part of BayWa r.e.'s DNA.

As we navigate the challenges and uncertainties that lie ahead, remember that our commitment to sustainability and our actions today will shape the world of tomorrow.

Matthias Taft
CEO

Dr. Daniel Gäfke
Executive Board Member &
Global Director of Projects

Dr. Mihaela Seidl
CFO

About BayWa r.e.

Our Corporate Profile

BayWa r.e. is a leading global renewable energy developer, service provider, solar distributor, Independent Power Producer (IPP) and energy solutions provider. Since its founding in 2009, BayWa r.e. has developed over 6 GW of renewable energy projects. The business entity Services currently manages over 10.5 GW of renewable energy assets. Headquartered in Munich, Germany, BayWa r.e. has offices in many countries all around the world. The company conducts business mainly in Europe (78.8% of the total workforce), the Americas (15.8% of the total workforce) and Asia-Pacific (5.4% of the total workforce).

Key operational results

	2022	2023
Revenues (Mn €)	**6,480.9**	**5,805.6**
EBIT (Mn €)	**230.2**	**192.3**

	2022	2023
Own and operated assets (GW)	**0.8**	**0.8**

	2022	2023
Newly installed capacity (MW)		
Solar projects	466	531
Wind projects	184	147
Total projects	650	678

	2022	2023
Solar Trade Capacity		
Sold PV panels (MWp)	3,490	3,678

Revenues by sectors*

Sectors	Energy	Construction	Solar Trade
Revenues	34,7%	13,2%	45,4%

*Only sectors with revenues above 10% are included. The definitions are derived from the EU NACE Level 1 categories. Revenues from Energy (production and trading) are identified as revenues from own generation activities. Construction revenues are identified as those from the construction and sale of wind and solar projects. Revenues from Wholesale & Retail are identified as revenues from Solar Trade entities, excluding the manufacturing company novotegra GmbH due to materiality. Production of electricity (NACE code D35.1.1), Trade of Electricity (NACE code D35.1.4) and Construction of utility projects for electricity (NACE code F42.2.2) are BayWa r.e. business activities in high climate impact sectors.

At BayWa r.e., we aim to make renewable energy even better. Not only looking to what comes next but actively shaping the future. We work with businesses, installers, developers, utilities, investors, and governments worldwide to help them realize their renewable energy ambitions. By constantly setting new standards and providing solutions to meet the world's energy needs, we are committed to making renewable energy even better by upholding sustainable principles for our customers, the environment, and society.

In 2023, global trends such as rising interest rates and high inflation had a significant impact on our business. Despite these challenging conditions, however, BayWa r.e. Group achieved a financial performance, with revenues of €5.8 billion (2022: €6.5 billion) and earnings before Interest and Taxes (EBIT) of €192.3 million (2022: €230.2 million). These positive results can mainly be attributed to Energy Trading's ability to benefit from contracts concluded in the previous year.

BayWa r.e. Group built 678 MW of new renewable energy capacity and sold solar system components for an equivalent of 3.7 GW solar modules and 6.3 MW inverters. Sales for inverters (+37%), mounting systems (+18%) and storage systems (+8%) significantly increased in terms of MW. In total, our Solar Trade colleagues handled sales of €2.7 billion (2022: €2.8 billion).

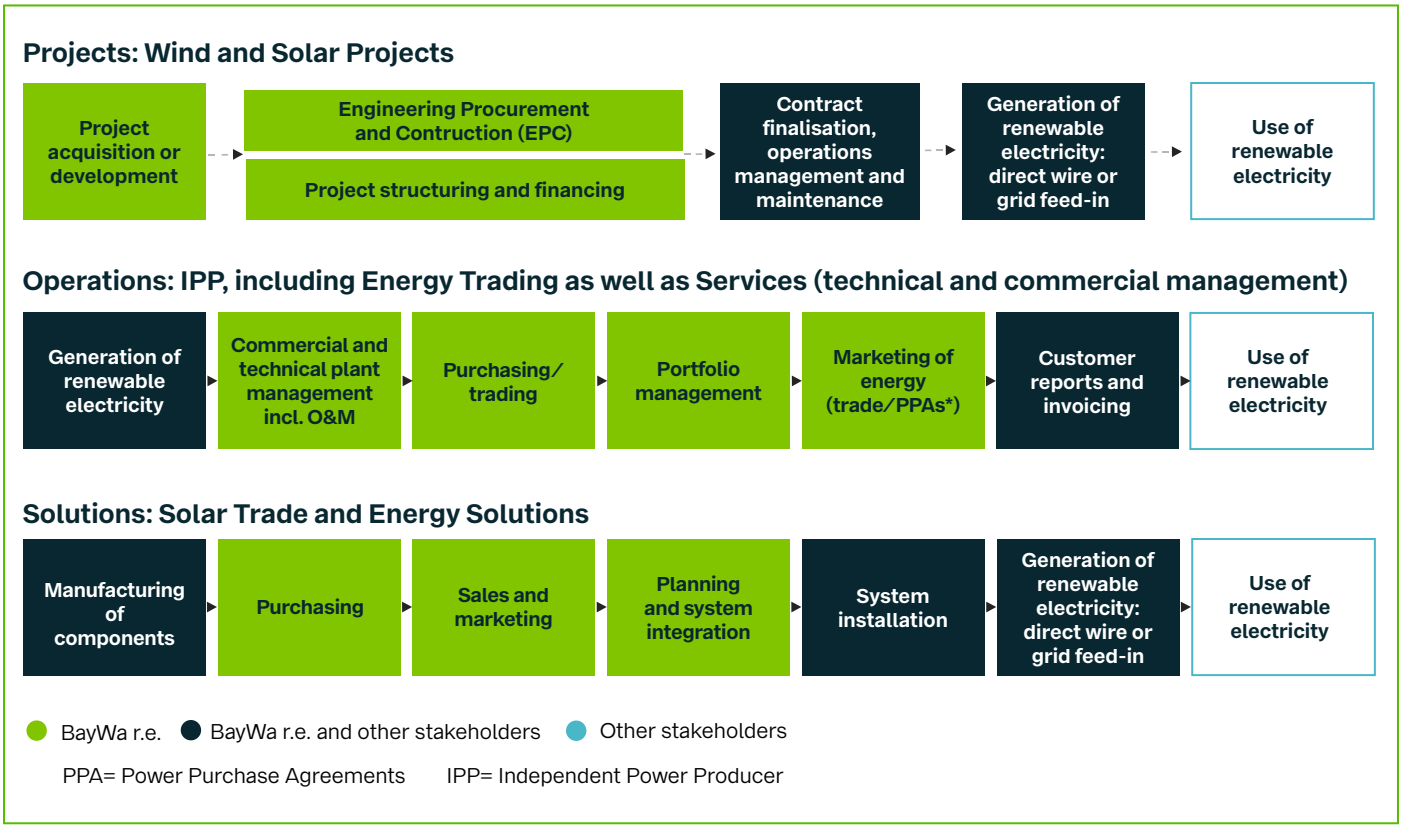
Our key strategic objective of accelerating the growth of renewable energy as a sustainable and profitable business aims for a positive contribution towards mitigating climate change and the satisfaction of relevant stakeholder groups. BayWa r.e. intends to significantly scale up its renewable energy business by tripling its wind and solar capacity by 2026, fostering an ambitious projects pipeline with more than 12 GW project development in Europe alone, and continuously increasing its own power plant portfolio to 3 GW by 2028 globally. In the interest of stakeholder needs, the company continuously explores new business opportunities, such as the double use of land through Agri-PV or Floating PV developments.

Business Model Information

Our business activities are divided into three areas: Projects, Operations, and Solutions. All of them contribute to more climate-resilient economies and societies. Whether developing a single plant or servicing a large-scale portfolio, BayWa r.e. provides consistent and high-quality products and services that add value at every stage of a project's lifecycle. Our products and services contribute to a low carbon energy mix and a better energy future for everyone.

Value stream of our global operations

Our business is divided into three business areas: Projects, Operations and Solutions.



Projects

Our Projects businesses develop solar and wind plants from land and project rights acquisition through development phases, Engineering, Procurement and Construction (EPC), and the sale of the plant. Today, often utility-scale solar projects are being realized without government support and subsidies in countries all over the world, providing mutual benefit for the economy and replacing conventional electricity sources such as coal and gas. Moreover, BayWa r.e. is one of the pioneers realizing Floating PV and Agri-PV projects, both providing benefits regarding land constraints and environmental impacts (see Focus Stories: Biodiversity).

BayWa r.e. has over 30 years of experience in the realization of wind farms from across the world. From initial planning and development, to financing and construction. Moreover, we bring experience from operations management throughout the plant's lifecycle to complete repowering.

During the development phases of these parks, an Environmental Impact Assessment or comparable assessments are completed to determine the environmental impact on the area and the mitigation measures required by environmental legislation and local authorities. The assessment may result in a project design change, such as adding wildlife corridors between solar rows, or require nature conservation aspects, such as tree planting. We comply with local regulations but aim to go beyond the minimum regulations to create a positive impact. For example, with conservation measures through native seed planting and long-term biodiversity monitoring. Also, community involvement takes an integrated role during project development and operations (see Focus Stories: Community Engagement)

Our Solar Projects entities only works with modules, which have the highest market capacity within the market. These solar modules' average conversion factor or efficiency is between 22.2 to 22.8%, which aligns with industry standards. The lifetime of our projects is calculated at 30 years, as the electric capacity guarantee from the suppliers is also 30 years in most cases.

Operations

Our Operations businesses comprise Services and IPP activities, including our Energy Trading business. Within these Business Entities, we manage, operate, and maintain renewable energy plants worldwide. In energy trading, to which our IPP business is assigned, BayWa r.e. markets electricity from renewable energies. We offer technical, commercial operations, management and consulting services, including services for plants approaching the end of their subsidy term. These services include repowering or revamping plants to provide second-life opportunities.

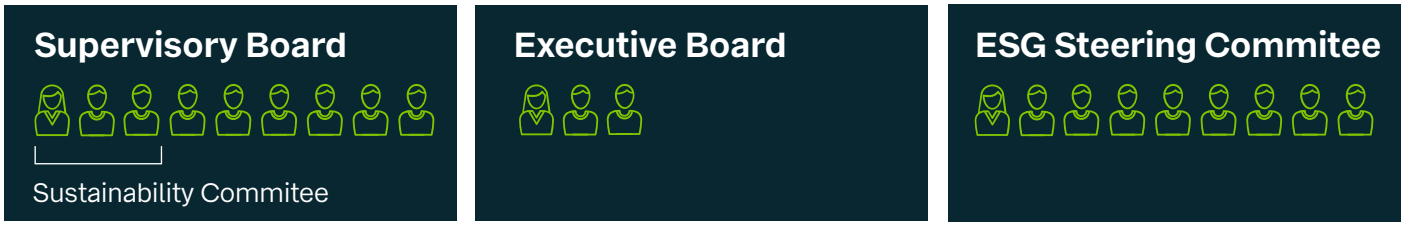
In 2023, **32 projects** with an overall capacity of **117 MW** have been revamped or repowered by BayWa r.e in **5 European** countries.

Solutions

The Solutions businesses comprise Solar Trade and Energy Solutions. As a leading global supplier to the solar distribution market with over 30 years of experience, our Solar Trade business offers a wide range of high-quality products and services to over 17,000 installation and sales partners globally. In 2023, our Solar Trade business sold more than 8,4 million solar modules worldwide.

ESG and Sustainability Management

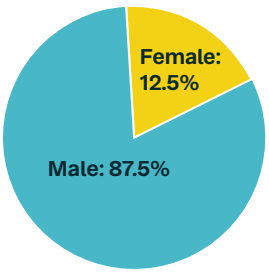
Composition of the Sustainability and ESG Committees within board structure



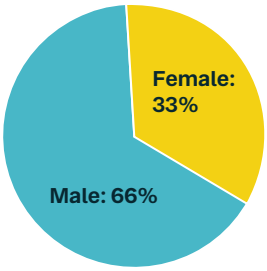
Gender distribution Executive Board and Supervisory Board in 2023

Supervisory Board*

*Supervisory Board composition as of December 2023.



Executive Board



ESG (Environmental, Social and Governance) and Sustainability Management is embedded into BayWa r.e.'s core governance systems. A dedicated Sustainability Committee within the Supervisory Board exchanges regularly on sustainability-related issues. The Sustainability Committee consists of three members who are elected by the Supervisory Board. Two members are nominated by the majority shareholder BayWa EEH GmbH, which is an investment vehicle of BayWa AG, and one member by the minority shareholder EIP Ruby Renewables Invest GmbH.

The committee has regular exchanges about sustainability and ESG matters that are relevant to the sustainable development and good reputation of the company. Resolutions by the Sustainability Committee are not binding but are to be treated as recommendations to the Executive Board and/or the Supervisory Board in the context of the committee's advisory and supporting role.

The management board, also referred to as Executive Board, is responsible for managing BayWa r.e. Group. It is subject to the applicable law, the Articles of Association, and the Rules of Procedure. All members hold executive powers in accordance with German law.

The BayWa r.e. Executive Board is the management body tasked to:

a. control how ESG Impacts, Risks and Opportunities (IROs) are monitored and managed across BayWa r.e. Group.

b. align how the corporate strategy and business model(s) interact with the material sustainability impacts, risks, and opportunities.

c. sign off on annual Sustainability and ESG-related disclosures, eligible green-finance projects and impact mitigation measures with strategic implications on BayWa r.e. Group's value chain.

A dedicated ESG Steering Committee is then formed by the Directors of corporate functions which have direct influence over the implementation of the above-mentioned tasks at Group level. The Directors meet twice a year to consult and advise the Executive Board on material IROs and to monitor the progress on specific actions. Further relevant stakeholders can also be invited as guests unless the matters discussed are confidential.

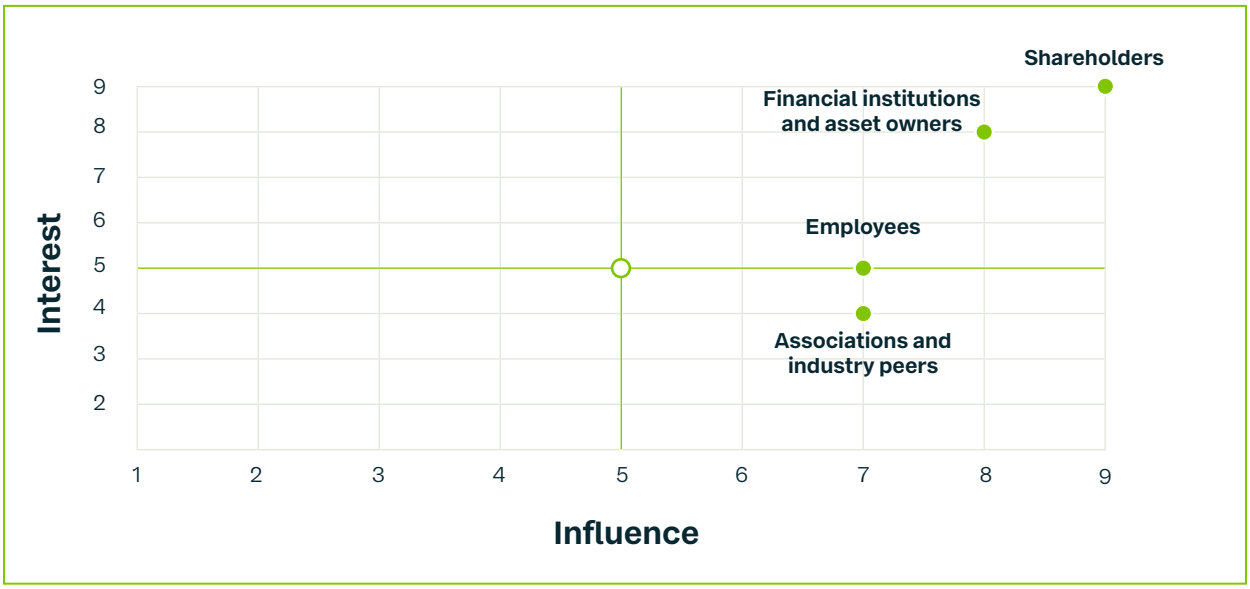
Our Stakeholders

BayWa r.e. aims to meaningfully engage and improve relations with stakeholder groups that are influential and interested in the company's environmental, social, and governance-related performances or are affected by them. Engaging with stakeholders allows BayWa r.e. to understand and assess the most relevant sustainability issues at operational level, as well as the impacts of the company's activities on the environment and society.

Overview of our Stakeholders:

Shareholders:	Have an interest in the organization's financial and ESG performance, as well as long-term growth and development.
Regulatory bodies:	Implement legislation that can affect the organization's business models and activities, both positively and negatively.
Customers/End-users:	Customer choices, needs, and concerns can influence the company's products, offerings, and sustainability commitments.
Non-Governmental Organizations (NGOs) and activist groups:	NGOs advocating for sustainability and responsible business practices can actively shape public policies and corporate practices.
Employees:	Employees' skills, knowledge, and commitment contribute to the company's success. Understanding their expectations, concerns, and ideas are therefore crucial for the implementation and delivery of products and services.
Affected communities:	Affected communities should be consulted before developing new projects. BayWa r.e. must be aware of its social and environmental impacts on these communities.
Suppliers:	Suppliers determine price and quality of delivered products, thus directly impacting the company's bottom line. For example, landowners' willingness to lease their land to BayWa r.e. is a key driver of project development success. Suppliers must also adhere to various legal requirements, the failure of which could have consequences for the buyer.
Associations and industry peers:	These organizations represent the interests of the sector, its related businesses and the employees working in the industry. Alignment and knowledge sharing with industry peers is common practice concerning sustainability matters.
Financial institutions and asset owners	Financial institutions, such as banks and insurance companies as well as asset owners, are required to consider the long-term viability of their investments, loans and insurance policies against climate and other sustainability risks.
Media and other communication channels:	Media and other communication channels inform the public about industry and business developments. Investigative journalism can trigger social action or the intervention of local and national authorities, thus creating awareness and promoting transparency.
Academics and researchers:	Academics and researchers study and analyse companies' sustainability practices and their impact on society and the environment. Their findings can be used to support the development of specific topics within the company.

BayWa r.e.'s key stakeholders:*



*identified as of December 31st, 2023

Our Stakeholder Engagement Approach

BayWa r.e. has tailored engagement plans for each relevant stakeholder group, outlining objectives, methods, and timelines which are defined at least on an annual basis. Based on the above-defined Stakeholder Matrix, engagement approaches have been defined according to the categorization of the stakeholder groups in the different tiers which include proactive collaboration (Tier 1), direct involvement (Tier 2), consultation (Tier 3) and information (Tier 4).

Sustainability Strategy

Our Corporate Sustainability Framework 2025

BayWa r.e.'s Sustainability Framework defines the priorities and sustainability ambition level and aims to integrate sustainability management into the company's business processes. It encourages employee-driven initiatives to improve sustainability performance and addresses priority objectives derived from our Sustainable Development Goals (SDG) evaluation and selection process.

The priority objectives are each supported by dedicated Sustainability Working Groups, which bring together employees at the regional and global levels to develop action plans. Participation from all employees is encouraged. Employees with expertise in these topics are crucial for having a positive impact.

This strategy addresses the key Sustainability Matters linked to material impacts: Affected Communities, Climate Change and Circular Economy, Workers in the Value Chain and Own Workforce.

The current business model of BayWa r.e., focusing on construction, operation, maintenance and sale of renewable energy assets and solutions, makes the company's financial performance largely independent from fossil resources. No investments in coal, gas or other fossil fuels are currently ongoing or planned.

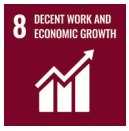
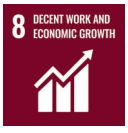
BayWa r.e.'s climate strategy, which is currently being developed, will also address the long-term climate-related risks identified in specific climate risk assessment processes and define approaches to maintain a climate-resilient business model.

Act sustainably – go beyond carbon

Within the Sustainability Framework, we selected ten priority Sustainable Development Goals (SDGs) defined by the United Nations that address BayWa r.e.'s core values in focus areas where we can directly contribute and make a positive impact on our planet.

Our ten priority SDGs

Overview of material sustainability matters and our key actions

Sustainability matters linked to material impacts	Sustainability Framework 2025	Key actions
Climate change mitigation	 Increase of wind and solar deployment and sale  Reduce emissions: promote and empower all for climate action	• since 2017: + 10 GW of newly installed wind and solar capacity and sale of solar modules (achieved in 2022) • 100% carbon compensation of Scope 1, 2 and 3.6 emissions between 2018 and 2023 • 100% renewable electricity supply across all locations, including onsite electricity consumption from owned wind and solar parks
Affected communities	 Collaboration with cities and communities Provide solutions for private participation	Compiled a list and toolbox of projects with best practices for social commitment, environmental initiatives as well as community engagement such as crowd-finance and reduced rates for community power supply. A project sustainability checklist for the central management of sustainability-related initiatives for projects is in development.
Circular economy	 Foster sustainability within the supply chain	Conduct and assess life-cycle analysis for solar and wind parks.
Workers in the value chain	 Promote decent work conditions in value chain	• Improve processes for supply chain risk analysis. • Evaluate key suppliers based on sustainability criteria. • Promote cross-industry cooperation around compliance and strengthening of human rights.
Own workforce	 Promote Diversity, Equity and Inclusion	• Continuously implement and promote Diversity, Equity and Inclusion within all levels of the company. • Raise awareness on the impact of Diversity, Equity and Inclusion within the workforce and management and actively involve and empower these important stakeholders. • Measure the success of initiatives and the annual DEI assessment to foster Diversity, Equity and Inclusion. • Support various wellbeing related initiatives and create a safe space to protect employees' physical and mental health.

The scope of these key actions relates to BayWa r.e. own operations and supply chain. The company achieved 100% renewable electricity supply across all locations by its own renewable electricity supply, green tariffs and ultimately by matching the residual amount of electricity from non-renewable sources with tradeable Energy Attribute Certificates.

Sustainability Matters	Status update
Biodiversity and ecosystems - strategy	Numerous project level implementations of biodiversity enhancing measures as part of project implementation are implemented across global operations. In 2025, BayWa r.e. plans to develop a company-specific biodiversity strategy with focus on key markets and products.
Climate mitigation – transition plan	BayWa r.e. is part of the BayWa AG Climate strategy and supports its targets. In 2024, BayWa r.e. expects to roll out a stand-alone company-specific climate transition plan.
Affected communities	Measuring the value creation for the communities affected by BayWa r.e.'s own operations requires the integration of data not yet available at central level (e.g. complete overview of local taxes paid in all jurisdictions).
Workers in the value chain	Action plans are developed internally and via multistakeholder initiatives (namely SSI Solar Stewardship Initiative for ESG standards along the solar supply chain and German Energy Industry Dialogue for supply chain due diligence). See more information in “Social Compliance: a closer look” on page 25.

Risks and Opportunities Management: Focus on climate change

In 2023, BayWa r.e. performed a dedicated assessment of material Impact, Risks and Opportunities (IROs), integrating the pre-existing enterprise risk management process. Out of 68 recorded entries, the company identified 16 impacts (actual and potential), two risks and two opportunities as material.

BayWa r.e. contributes to the energy transition and climate change mitigation efforts by building and operating renewable energy generation assets. By distributing technology for renewable energy technology, Solar Trade enables customers to become more energy independent and emit less carbon.

In 2023, BayWa r.e. performed a climate risk assessment focused on the company's own and operated renewable generation assets (IPP assets) to understand which physical climate risks (acute and chronic) could pose the biggest threat during their expected lifetime.

The assessment looked at three SSP* scenarios with the public data provided by the Intergovernmental Panel on Climate Change (IPCC). This included potential impacts and risks for BayWa r.e. IPP assets on a macro-regional level. In 2023 BayWa r.e.'s IPP portfolio consisted** of 33 operational assets and two in construction, for a total of around 0.9 GW across 8 IPCC macro-regions.

The assessment showed that floodings and wildfires could potentially have significant negative impacts on the physical and commercial viability of the assets. Additionally, changing wind patterns could impact (future) revenues, since wind farms may not work as efficiently as planned. Furthermore, energy production of PV assets could be impacted by soiling, which occurs when the ground becomes too dry and solar panels get dusty.

Under all the scenarios considered, Eastern and Central North America, as well as Northern Central America, are the regions where BayWa r.e. IPP assets might be exposed to the highest number of material climate risks, in particular wildfires, tornadoes, and floods. Across all regions where BayWa r.e. IPP assets are located, wildfires, tornadoes, heavy precipitations, droughts, and floods are the most common risks which could affect the assets in their expected lifetime (until 2040).

The assessment indicated that solar PV parks are also vulnerable to droughts, since these can increase the occurrence of dusty weather conditions, reducing the panel performance due to the aforementioned soiling effects. Wind farms' vulnerability to changing wind conditions is expected to increase in the Mediterranean region.

Find more specific climate risks in the appendix.

*SSP: Shared Socioeconomic Pathways: Shared Socioeconomic Pathways (SSPs) are climate change scenarios of projected socioeconomic global changes up to 2100 as defined in the IPCC Sixth Assessment Report on climate change in 2021
**For risk reporting purposes 3 small solar plants in the Netherlands (Friesland), usually reported as single portfolio asset, are counted individually.

Environment

Our global business activities have an environmental impact and leave a carbon footprint. To manage and reduce our negative environmental impact, we start by understanding the full impact of our activities. We monitor and measure the emissions from our business activities and take the necessary actions to avoid, minimize and offset our carbon footprint. This environmental accountability process and the positive benefits of renewable energy allow us to contribute towards the SDGs and mitigate climate change risk.

Key indicators: analysis and insights

GHG emissions

tCO_2e	2023	2022
Scope 1	6,182	5,836
Scope 2 (market- based)	33	21
Scope 3	7,069,781	6,654,370
Total	**7,075,996**	**6,660,227**

Note: scope 3 emissions include estimations for 3.1, 3.4, 3.6 sub-categories

GHG emission avoidance

tCO_2e	2023	2022
Solar projects	199,164	249,295
Wind projects	356,186	161,791
–	–	–
Total	**555,350**	**411,086**

Note: yearly GHG emissions avoidance by IPP assets as of December 2023. Estimation based on comparisons with gas-fired power plant.

Energy produced

MWh	2023	2022
fossil sources	0.0	–
renewable sources	1,481,167	–
Total	**1,481,167**	–

Note: energy produced by IPP assets as of December 2023

Energy consumed

MWh	2023	2022
fossil sources	26,939	–
renewable sources	5,175.3	–
other	–	–
Total	**32,114.3**	–

Our Corporate Carbon Footprint and Energy Consumption

In 2023, BayWa r.e. Group emitted 6,215 t of CO_2e (Scope 1 and Scope 2), an increase of 6.1 % compared to 2022. The increase is explained by overall business growth and a significant increase of the number of employees by more than 20%.

We made significant efforts to gain a more comprehensive understanding of our indirect carbon footprint throughout 2023. For the first time, we calculated GHG emissions related to our main purchased goods and services (see scope 3.1) using primary data provided by our suppliers across our key projects' components.

In the last year, BayWa r.e. installed an increased annual capacity of Wind and Solar PV Parks from 650MW (2022) to 678 MW (2023). Those projects will **lead to an annual net-avoidance of more than 400,000 tCO_2e,** which factors in the embedded emissions from the life cycle of the plants.

These GHG emissions, defined as our Corporate Carbon Footprint, amounted to a total of 7,075,996 tCO_2e in 2023 (market-based view). When compared to our revenues, the total GHG emissions intensity ratio for 2023 was 1218.8 tCO_2e/ Mn € (market-based view).

We cannot draw a comparison with 2022 data due to different inventory boundaries. However, it is worth nothing that the carbon intensity of BayWa r.e. would be as little as 2.24 tCO_2e/Mn€ when only the emissions under direct influence (see scope 1 and 2) of BayWa r.e. Group's operations were considered.

In the future, we will focus on reducing emissions from energy consumption (fuels, heating of offices and warehouses) and business travel. This will help us to operate in a more climate-friendly way. One of our next challenges is tackling the emissions from contractors and third parties involved in project construction and logistics (see scope 3.4), which we currently only estimate. Reducing these emissions poses challenges due to the lack of low-emission options for long-distance cargo routes and charging infrastructure, especially in rural areas where most of our projects are located. The transportation and construction phase of a renewable energy plant only accounts for a small portion of total emissions, about 19% for solar and 24% for wind.

We face a similar challenge with the reduction of the energy consumption. In 2023, BayWa r.e. Group consumed 32,114.3 MWh of energy, with 83.8% coming from fossil sources. Most of this results from the diesel our vehicle fleet uses to reach renewable energy plants so that our people can service and maintain them.

BayWa Group is member of the RE100 initiative.

To mitigate these impacts, we have offset all emissions from energy consumption, our vehicle fleet, and business travel using voluntary carbon certificates between 2018 and 2023. Since 2020, all BayWa r.e. sites and projects are globally supplied with green electricity. We achieved this by securing global renewable energy tariffs. Where these tariffs are unavailable, we use Energy Attribute Certificates (EACs) to green our electricity consumption.

Water and waste management

BayWa r.e. Group commits to use natural resources intelligently and in a sustainable way. In 2023, we screened all generation assets, including projects under construction, for water-related risks. The initial assessment focused on the IPP portfolio to understand vulnerabilities from water scarcity and flooding. We identified projects and assets in water-stressed areas by reviewing the Aqueduct Water Risk Atlas, a database provided by the World Resources Institute. Amongst the 35 renewable assets* transferred to our IPP segment, five are in extremely high water-stressed areas (14.3%) and five in high water-stressed areas (14.3%). None of these assets consume significant amounts of freshwater during operation. Solar PV projects can be equipped with rainwater collection systems to help reduce consumption of fossil water sources. See Focus Story: Solar Power and Water conservation

BayWa r.e. Group's total water consumption decreased by 11.8% in 2023, due to less frequent use of office spaces. Concerning waste management, several BayWa r.e. entities follow circular economy principles. Local experts implement initiatives to maximize the use of materials and reduce unnecessary waste. Solar Trade entities, involved in distributing solar PV modules and inverters, have developed guidelines to reduce plastic use, utilize recycled paper, and minimize packaging materials.

Solar Trade also distributes electrical products and batteries, handling hazardous materials and adhering to specific duties of care. We dispose of defective lithium batteries according to EU regulations on Waste from Electrical and Electronic Equipment (WEEE). Starting in 2024, new EU battery regulations will aim to ensure battery sustainability throughout their lifecycle – from material sourcing to collection, recycling, and repurposing.

Construction of energy infrastructure can generate significant waste, but renewable energy projects produce very little of it during operation. Repowering existing wind or solar PV assets can generate waste, but turbine towers can be almost entirely reused due to their high steel content, which is recyclable. Cement from towers and foundations can be repurposed for road construction. Recycling components from end-of-life solar modules is crucial for sustainable resource use. By reusing or converting valuable materials like silicon and silver, we can reduce supply chain strain and minimize waste. Although PV module recycling techniques have improved over the past decade, achieving full commercialization and high material recovery rates, particularly for c-Si PV technology, still remains a challenge.

*For risk reporting purposes, three small solar plants in the Netherlands (Friesland), usually reported as a single portfolio asset, are counted individually here.

Focus Stories: Biodiversity

Environmental Dimensions in our Wind Park Langenbrander Höhe

To compensate for unavoidable interventions in nature and forest, we have developed a number of compensatory and avoidance measures at Langenbrander Höhe.

In addition to creating extra breeding habitats for the elusive woodcock, we will develop a montane beech forest with fir trees in the areas temporarily near the turbine sites. To protect the plants from browsing and bark-stripping, they will be fenced off. In the crane boom areas, which must be kept free of tree growth for repair and maintenance purposes, and in the narrow, linear areas we temporarily need, we will restore wooded areas through natural succession.

The four wind turbines, along with storage, crane sites, and assembly areas, used approximately 2.9 hectares of forest. After completing construction, we now restore the additional areas we temporarily required.

Wind Park Langengrander Höhe

Environment and Floating PV Solar: BayWa r.e. White Paper

Floating-PV can provide several advantages and opportunities for unlocking more surface for development of renewable energy projects, especially in regions with scarce land resources where land is expensive, or where land is unsuitable for traditional PV. BayWa r.e. has implemented several monitoring systems to measure the impact of our floating PV plants on the environment. Find out more information in our Floating PV White Paper.

Solar Floating PV Park in Netherlands

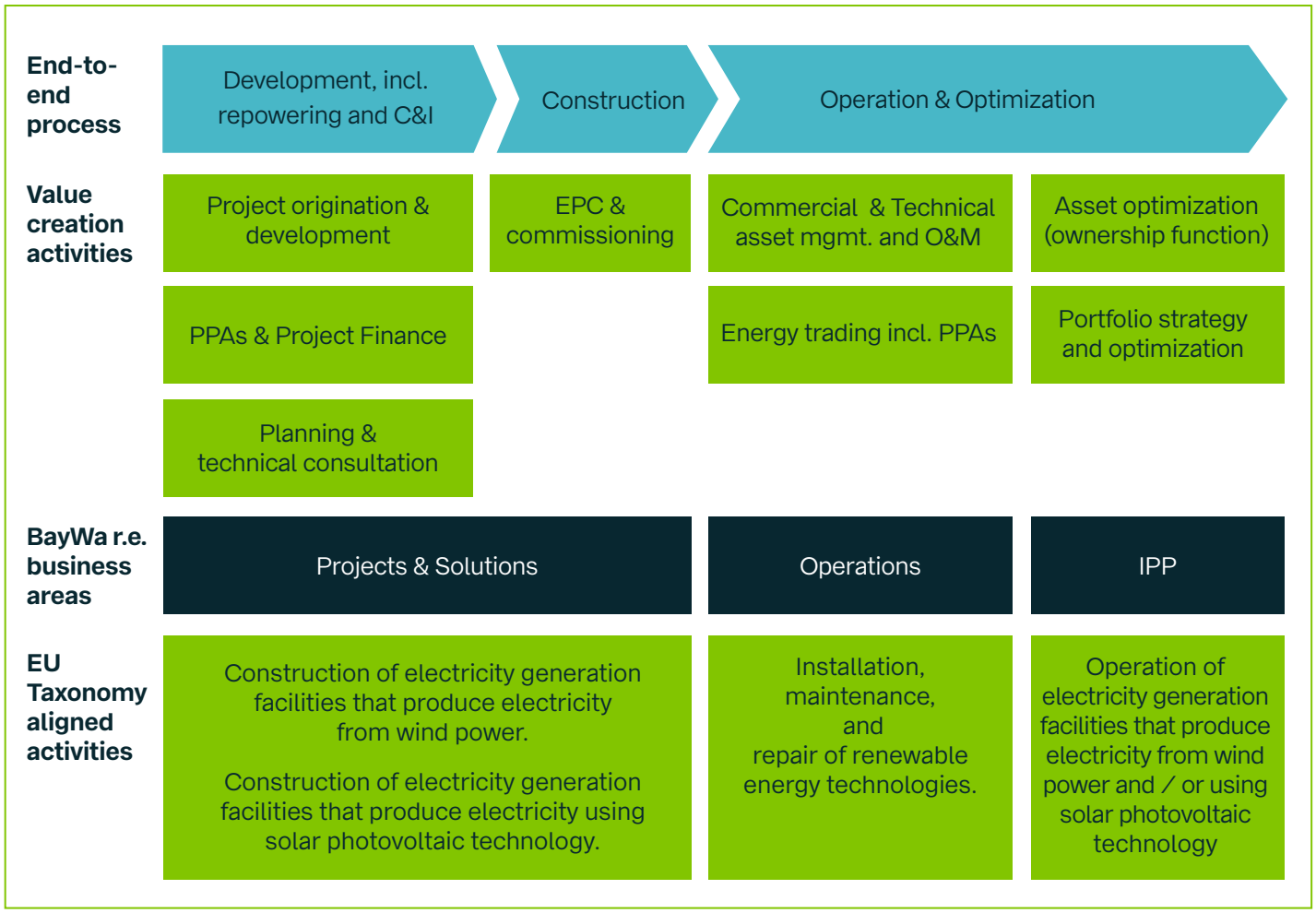
Focus Story: Solar Power and Water conservation

Rainwater collection systems, hail-proof structures, and use of natural detergents are all initiatives which help improve our sustainability impact. For example, in late 2023, BayWa r.e. developed a 53 MW solar park in Alhendín, an area close to Granada (Andalusia, Spain) where water scarcity is extremely high. Approximately 10% of the Alhendín solar farm consists of an innovative 5.1 MWp Agri-PV installation, a solar application that combines energy generation and agriculture on the same land. The PV modules are used to collect rainwater, which helps to conserve water for maintenance purposes and mitigate the continuing risks posed by climate change and droughts in this very dry area.

Alhendin Solar Park: Rainwater pipe to collect rainwater and reduce local water stress.

EU Taxonomy: Key Information

Our core activities already qualify as environmentally sustainable under the EU Taxonomy. No investment in coal, gas or other fossil fuels is currently ongoing or planned. Our Solar Trade and Energy Trading activities currently fall outside the EU Taxonomy classifications.



Note: Selection of most material EU Taxonomy activities. EU Taxonomy activity Storage of electricity (4.10) is not included here because considered not yet material and ancillary to solar projects (4.1 Electricity generation using solar photovoltaic technology). Infrastructure enabling low-carbon road transport and public transport (6.15) as well as Manufacture of renewable energy technologies (3.1) excluded as not part of BayWa r.e. core business.

EU Taxonomy performance 2023

	Total in Mn €	EU Taxonomy eligible activities	EU Taxonomy aligned activities
Revenues	5 ,805.6	20.8 %	20.8 %
Operating expenditures	43.9	44.6 %	44.6 %
Capital expenditures	547.0	90.4 %	88.9 %

People

We operate in countries and business segments where social impacts are material. Safety management, employment conditions and supply chain transparency are key opportunities for future developments.

Key indicators: analysis and insights

As of December 2023, BayWa r.e. employed 5,210* people, up 20.5% compared to the previous year (2022: 4,323). On average, the number of employees increased from 3,746 to 4,596. Across BayWa r.e., the proportion of female employees was 33.2% in 2023 (2022: 32.6%). Since 2022, we have been tracking the amount of gender-diverse colleagues. Nine employees have reported as gender diverse in 2023**.

The age distribution of our active employees shows a relatively young workforce, with 83.1% of workers between 26 and 54 years old.

We promote the inclusion and career development of many future talents. In 2023, we employed 236 trainees, students, and interns (2022: 221).

As of 31 December 2023, 39 employees were on parental leave (2022: 31). We offer employees who are caretakers flexible worktime (including part time), workplace flexibility (where possible), paid maternity and paternity leave, as well as other allowances. Currently, 20% of our workforce and 10% of our leadership team make use of part-time work arrangements.

Workforce by age

	2023	2022
≤ 25	485	463
26-54	4,327	3,523
≥ 55	398	337
Total	**5,210**	**4,323**

*This number refers to “active employees”, which is defined as all employees excluding employees on extended leave or those on maternity leave.

** Different gender orientations refer to employees who do not identify as male or female. We do not have data for previous years as we began recording this information in 2022.

Workforce by gender

	2023	2022
male	3,473	2,909
female	1,728	1,408
diverse	9	6
Total	**5,210**	**4,323**

Women in leadership positions

	2023	2022
Level 1	16	13
Level 2	88	64
Total	**104**	**77**

Freedom of association and social dialogue

Employees are free to organize in workers' unions, set up works councils and have the right to the information, consultation, and participation on working condition related matters. In accordance with ILO Conventions, workers' representatives are protected against any act prejudicial to them, including dismissal, based on their status or activities as a workers' representative or on union membership or participation in union activities.

Spotlight on North America

The National Labor Relations Act applies to all BayWa r.e. employees in the United States. It protects workers' freedom of association and encourages collective bargaining. It also provides employees with the fundamental right to seek better working conditions and designate a representative without fear of retaliation. Canadian BayWa r.e. employees have their freedom of association rights protected under section 2(d) of the Charter of Rights and Freedoms. BayWa r.e. employees in Mexico also receive protections in support of freedom of association and collective bargaining under the 2019 modification of Article 123 of the Mexican Constitution.

Health, Safety & Environment (HSE)

Every Legal Entity has its own Health, Safety & Environment (HSE) Responsible and sometimes a dedicated HSE team, depending on the company size.

As our Operations segment grows and we develop more projects, BayWa r.e. will focus on strengthening collaboration with sub-contractors to monitor, manage and report incidents. This includes awareness of HSE matters, including improving general HSE competency for relevant employees.

Our HSE guiding principles and policies are based on the ISO 45001 global occupational health and safety management system standards. These policies define each site's minimum precautionary measure for occupational health and safety. These apply to all companies, employees and sub-contractors within the group. To date, around 15% of BayWa r.e.'s active employees are covered by an ISO 45001 certified management system.

The number of occupational accidents among our employees is showing an upward trend. In 2021, 56 accidents were recorded, in 2022, they were 57 and in 2023, they increased to 71. The reasons are to be found in the acquisition of new legal entities and the increase of the total active workforce.

The 20.5% workforce increase led however to a balancing effect on our Lost Time Injury Rate (LTIR) which remained stable on 1.6 also in 2023.

In 2023, BayWa r.e. hired a Group-wide Head of Global HSE, who will report to the COO and coordinate the alignment of incident reporting, process standardization and safety culture initiatives from 2024.

One of the key mitigation measures in place is the insurance against work-related accidents, provided to all employees as benefit. Work-related illnesses are compensated by statutory healthcare in several EU countries. In addition to the statutory accident insurance, a R+V Accident Insurance is available for the German legal entities. It is valid 24hours worldwide and covers also private accidents. A business travel insurance is also available. BayWa r.e. AG is the policyholder, and all legal entities worldwide can be co-insured.

Fostering Diversity, Equity and Inclusion

Diversity, Equity, and Inclusion (DEI) are crucial for our daily business. This is why we embedded a global Diversity, Equity & Inclusion policy and strategy. Two DEI Managers implement measures, trainings, guidance, and support to enable all employees and leaders to foster DEI. An annual DEI assessment is performed within each legal entity and corporate function to analyze the status quo and develop individual action items for the year to come. We also offer employee resource groups (e.g., pride, family, expats, and future professionals) as well as regular events. Moreover, our internal and external communications raise awareness for DEI topics. The goal of these initiatives is to create a safe space for all our employees.

In 2023, we continued to drive DEI initiatives and shape the results of our first annual DEI assessment of 2022 and 2023. In total, 45% of all our Legal Entities and Corporate Functions successfully completed the

assessment for the very first time and identified 230 action items to work on for 2023. In 2023, we optimized the assessment process with an app that was specifically created to be more inclusive and intuitive to fulfill the DEI assessment more efficiently.

On a global level, we not only worked on a better assessment process, but also implemented DEI as part of our internal policy workflow, rolled out a gender-inclusive language guide and created the so called “Safe Space Campaign” for 2023. In this campaign, we highlighted our different safe spaces at BayWa r.e. Group. We created these with Employee Resource Groups and Communities, by celebrating and communicating Diversity, and by training 75 international managers (including the executive board) on how to create safe spaces as leaders.

Our focus areas for 2024 are the following:

- Analyzing the results of the annual DEI assessment and engagement survey to put concrete measures in place to strengthen DEI
- Developing more DEI trainings for different target groups such as new hires, leaders and hiring managers
- Developing this year’s DEI campaign on “Inspire Inclusion” by organizing events, raising awareness on inclusion and using the voices and support of our employees and DEI executive sponsors to bring DEI to life in our company.
- Ensuring DEI is integrated in all our HR processes that are implemented in the new HR system which will be rolled out in the second half of 2024

Social Compliance: a closer look

BayWa r.e. Group has established a Social Compliance Department to uphold our commitment to human and environmental rights in the supply chain. This department ensures we meet the various requirements of the German Supply Chain Due Diligence Act and additional European standards. It oversees legal compliance regarding human and environmental rights in our operations and supply chain. As part of this effort, we are developing and implementing a Social Compliance Management System (SCMS).

The SCMS aligns with the five elements of human rights due diligence from the UN Guiding Principles on Business and Human Rights, the German Supply Chain Due Diligence Act, and the German government’s National Action Plan on Human Rights.

BayWa r.e. operates in a global value chain, sourcing products from manufacturers and to project sites, customers and installers worldwide. Our products within our Solar Trade business are often stored and handled in leased warehouses that are managed by third-party logistics services. In our projects business, we frequently use contractors for the construction of renewable energy projects around the world.

The 2023 IRO assessment highlighted significant negative impacts on value chain workers due to the opacity of certain supply chains. Notably, the Xinjiang region of northwest China has faced international

scrutiny for allegations of forced labor involving the Uyghur ethnic group. Reports indicate a high probability of forced labor linked to the production of multiple goods and services across different industries, including polysilicon production for the solar industry.

In response to these identified impacts, BayWa r.e. Group continuously collaborates with industry peers since 2021 to mitigate the effects on affected individuals.

Baywa r.e. Group is a member of the German Industry Dialogue (Branchendialog Energiewirtschaft) and the Solar Stewardship Initiative (SSI), which are multi-stakeholder platforms addressing social and environmental issues in the energy industry.

The Branchendialog Energiewirtschaft brings together companies, associations, unions, civil society organizations, the German Institute for Human Rights and the Federal Ministry of Labor and Social Affairs (BMAS) to better understand and address human rights related risks in the German energy industry and global supply chains. The Branchendialog focuses on future-oriented business areas crucial for Germany's energy transition.

The SSI is developing several standards, including an ESG Standard piloted in 2023 along the solar supply chain and a Supply Chain Traceability Standard to evaluate the due diligence performance of its members and their supply chains. SSI members from manufacturing sites must commit to completing an ESG assessment of two sites within 12 months by an SSI-approved assurance body. As of December 2023, this action plan will affect 8 SSI members, all large manufacturers of solar equipment.

Focus Stories: Community Engagement

Community Engagement for SDG 8 Decent Work and Economic Growth (AMER)

We run Economic Impact Assessments on each of our projects to quantify expected community benefit from projects. Included in this is an estimate of jobs created for the county and region, expected tax revenue, and overall economic output. For many of our communities, the decision to embrace a renewable energy facility is clearly economically attractive over the lifetime of the project. In addition to this, we're working to "match" historically agricultural communities with new agricultural offerings that pair well with our facilities. This includes initiatives such as bee-keeping and shepherding as job options for local community members.

Bullawah Wind Farm community engagement (APAC)

The Bullawah Wind Farm is a proposed wind project being developedby BayWa r.e. in western New South Wales, Australia. It is a large development in a remote and sparsely occupied region which is host to many competing renewable energy projects.

Community engagement is crucial to the success of the project – it is required to build social license, maintain brand awareness and to achieve government approvals. The community grants program has run in 2023 and 2024 and has supported 28 local organisations.

From uniforms for the local sports club to the purchase of medical equipment for the volunteer rescue service, this program helped BayWa r.e. build trusting relationships with the locals. We are running another community grant round in 2024 and can't wait to see how we can further support New South Wales's people.

(Left to right): Aidan O Mahony (Major Developments Leader NSW, BayWa r.e), Desma Newman (Griffith Local Aboriginal Land Council Board Member) and Stephen Young (GLALC CEO) at the Survival Day Aboriginal cultural celebration in Griffith in January 2024.

Partnership with sopowerful

BayWa r.e. aims to promote community outreach initiatives even in areas where it is not directly operating. We do this because we believe that providing affordable renewable energy to remote or low-income communities is important to the planet's energy transition. This is especially true in places with no reliable energy supply. Here, solar power can have a life-changing impact: it provides light and running water, supporting medical care and school education.

Sopowerful project with solar power system on school rooftop in Sawiri, Lebanon.

BayWa r.e. supports Sopowerful, a Dutch foundation that applies "solar where it matters most" to healthcare, education, and water access projects in countries and areas where there is no reliable electricity. In 2022, the foundation completed thirteen projects, including a solar system at a school in Lebanon and a solar-powered irrigation system in Malawi, enabling a local cooperative to irrigate their crops for the entire year and to harvest them multiple times.

In 2023, Sopowerful's water projects contributed to the UN's Sustainable Development Goals SDG 2 (zero hunger) and SDG 6 (clean water and sanitation). This was possible thanks to solar energy powering electric pumps and creating access to water for hygiene, sanitation, and irrigation. Training is an essential element of the projects. This includes topics such as learning how to use the solar system properly, farming techniques, water management, and marketing.

The success of these projects is evident and tangible, especially in areas that are affected by droughts and floods as a result of climate change. Sopowerful's projects decrease food insecurity and improve the economic situation of underprivileged communities.

By the end of 2023, Sopowerful had implemented 25 projects, helping more than 173.000 people with their solar energy projects.

Governance

Business Conduct

In 2022, BayWa r.e. introduced its own Code of Conduct, which applies to all employees, Managing Directors, and Executive Board members. The Code of Conduct describes our basic principles of acting such as human rights and equal opportunities and must be adhered to by all employees. BayWa r.e. also has a Compliance Policy that, among other things, outlines the principles of anti-corruption. This includes regulations on offering and accepting gifts and hospitalities, engaging intermediaries, brokers, and similar business partners.

Concerns, complaints or suspicions about unlawful behavior or behavior in contradiction of BayWa r.e.'s Code of Conduct and/or Compliance Policy can be raised to Corporate Compliance in person, by phone, via email or post. In addition, BayWa r.e. has also implemented a whistleblower system that also allows anonymous reporting, if desired. These channels are available for both internal and external stakeholders. Reports received are treated in strict confidence and in accordance with applicable minimum standard for the protection of whistleblowers. Regardless of whether the suspicion is substantiated, the whistleblower will not be subject to negative repercussions. Retaliation or discrimination are not tolerated.

BayWa r.e. made online and face-to-face trainings available at group level to employees on the following topics of the compliance policy: antitrust law, anti-corruption, money laundering prevention and conflicts of interest. In 2023, 413 employees of BayWa r.e. Group took part in compliance face-to-face trainings and 1,486 employees in online compliance trainings. The training covered the first and the second management levels, including department heads in procurement and sales.

Anti-corruption: confirmed incidents, convictions, and fines

	2023	2022
Total number of confirmed incidents of corruption or bribery	0	0
Total number of confirmed incidents in which own workers were dismissed or disciplined for corruption or bribery-related incidents	0	0
Number of convictions for violation of anti-corruption and anti- bribery laws	0	0
Monetary amount of fines for violation of anti-corruption and anti-bribery laws	0	0

Appendix

2023 EU ESRS / GRI / EU SFDR Reference table

Chapter	ESRS reference	Description	GRI reference	SFDR-relevant
Notes for the reader	BP-1	Basis for preparation	GRI 2-1 GRI 2-2 GRI 2-3 GRI 2-5	
Our Corporate Profile	SBM-1	Strategy, value chain	GRI 2-6 GRI 201	
Business Model Information	SBM-1	Business activities		
ESG and Sustainability Management	GOV-1 GOV-2	ESG and Sustainability Governance	GRI 2-12 GRI 2-13 GRI 2-14 GRI 2-17	Indicator number 13 Table 1 of Annex 1
Our Stakeholders	SBM-2	Stakeholders	GRI 2-16 GRI 2-29	
Our Corporate Sustainability Framework 2025	SBM-3	Strategic sustainability integration	GRI 2-22	
Impacts, risks and opportunities management: Focus on climate change	IRO-1	Impacts, risks, opportunities	GRI 3-1 GRI 3-2 GRI 201-2	
Environmental data (incl. EU Taxonomy)	E1-6	Energy and GHG Emissions	GRI 302 GRI 305-1 GRI 305-2 GRI 305-3 GRI 305-4	Indicators number 1, 2, 3, 4, 5 of Table 1 of Annex 1 Indicator n. 5 Table 2 of Annex 1
Social data	S1-1	Employees Health and Safety Diversity	GRI 2-7 GRI 401 GRI 403-1 GRI 403-8	
Social compliance: a closer look	S2	Human rights	GRI 414-2	
Community Engagement	S3	Local communities	GRI 413	
Business Conduct	G1	Corruption / bribery cases	GRI 2-26 GRI 2-27	Indicator number 17 Table 3 of Annex 1
Available ESG indicator list		Energy and GHG Emissions Water and marine resources Employees Collective bargaining agreements Corruption / bribery cases	GRI 2-30 GRI 302 GRI 303-5 GRI 305-1 GRI 305-2 GRI 305-3 GRI 306-3 GRI 305-4 GRI 403-9 GRI 405-1	

Available ESG indicator list

	2023	2022
Energy consumption (MWh)		
From non-renewable sources	26,939	Not previously reported
From renewable sources	5,175.3	Not previously reported
Total	32,114.3	Not previously reported

Note: energy consumption figures include electricity, heating and fuels (diesel, gasoline, LPG, CNG).

GHG emissions (tCO_2e)		
Scope 1	6,182	5,836
Scope 2 (market-based)	33	21
Scope 2 (location-based)	3,350	3,645
Scope 3	7,069,781	Not previously reported
Total (market-based)	7,075,996	Not previously reported
Total (location-based)	7,079,313	Not previously reported

Note: scope 3 emissions include estimations for 3.1, 3.4, 3.6 sub-categories.

Avoided GHG emissions (IPP assets in tCO_2e)		
Solar	199,164	Not previously reported
Wind	356,186	Not previously reported
Total	555,350	Not previously reported

Note: yearly GHG emissions avoidance by IPP assets as of December 2023. Estimation based on comparisons with average emissions of gas-fired power plants.

Energy produced (IPP assets MWh)		
From fossil sources	0	Not previously reported
From renewable sources	1,481,167 t (100%)	Not previously reported

Waste generated (offices and warehouses, t)		
Hazardous	58.9	Not previously reported
Non-hazardous	1,058.6	Not previously reported
Radioactive	0.0	Not previously reported
Total	1,117.5	Not previously reported

	2023	2022
Waste reused/recycled/recovered (offices and warehouses, t)		
Hazardous	58.4	Not previously reported
Non-hazardous	828.3	Not previously reported
Total	886.7	Not previously reported
Water consumed (offices and warehouses, m³)		
High water-stress areas	25,896	Not previously reported
Extreme water-stress areas	27,618	Not previously reported
Total water consumed	67,982	77,101
Assets in water-stressed locations (IPP)		
Wind	7	Not previously reported
Solar	3	Not previously reported
Total	10	Not previously reported

Note: water stress-areas from WRI Aqueduct 4.0 (extreme and high-water stress areas combined).
Assets: own energy generation installations (wind/solar plants)

Total number of workforce (active employees)	5,210	4,323
Total number of employees (HGB)	4,868	4,189

Note: Active employees figures include managing directors, working students, interns. Employees on extended leave or maternity leave are excluded. The employee grouping according to German Commercial Code (HGB) consists instead of the sum of full-time, part-time, temporary employees and employees on maternity leave (effective date).

Workforce by age		
≤ 25	485	463
26-54	4,327	3,523
≥ 55	398	337
Workforce by gender		
male	3,473	2,909
female	1,728	1,408
diverse	9	6

	2023	2022
Workforce by contract type		
permanent	4,967	4,107
temporary	243	216
Supervisory Board gender diversity		
male	8	6
female	1	2
Executive Board gender diversity		
male	2	2
female	1	1
Women in leadership positions		
Level 1	16	13
Level 2	88	64
Total	104	77
Human rights incidents		
Own workforce	0	0
Value chain workers	1	1
Local communities	0	0
Discrimination incidents		
Cases	3	1
Confirmed incidents	0	0
Fines	0	0
Work-related incidents		
Commercial	18	18
Industrial	53	39
Total	71	57

	2023	2022
Collective agreement coverage		
Workforce covered	8.5%	17%
Workforce not covered	91.5%	83%
Corruption and bribery		
Total number of confirmed incidents of corruption or bribery	0	Not previously reported
Total number of confirmed incidents in which own workers were dismissed or disciplined for corruption or bribery-related incidents	0	Not previously reported
Number of convictions for violation of anti-corruption and anti- bribery laws	0	Not previously reported
Monetary amount of fines for violation of anti-corruption and anti- bribery laws	0	Not previously reported

Physical climate-risk exposure by main technologies

Asset type	Acute hazards	Chronic hazards
Solar-PV	Cold waves/frost Wildfires Cyclones, hurricanes, typhoons Storms (including blizzards, sand and dust storms) Tornadoes Droughts Heavy precipitation (rain, hail, snow/ice) Floods (coastal, fluvial, pluvial, ground water) Avalanches Landslides	Changing precipitation patterns and types (rain, hail, snow/ice) Water stress Soil erosion
Wind	Cold waves/frost Wildfires Cyclones, hurricanes, typhoons Storms (including blizzards, sand and dust storms) Tornadoes Heavy precipitation (rain, hail, snow/ice) Floods (coastal, fluvial, pluvial, ground water) Avalanches Landslides	Changing wind patterns Soil erosion

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