



EU CODE OF CONDUCT ON RESPONSIBLE FOOD BUSINESS AND MARKETING PRACTICES

BAYER AG

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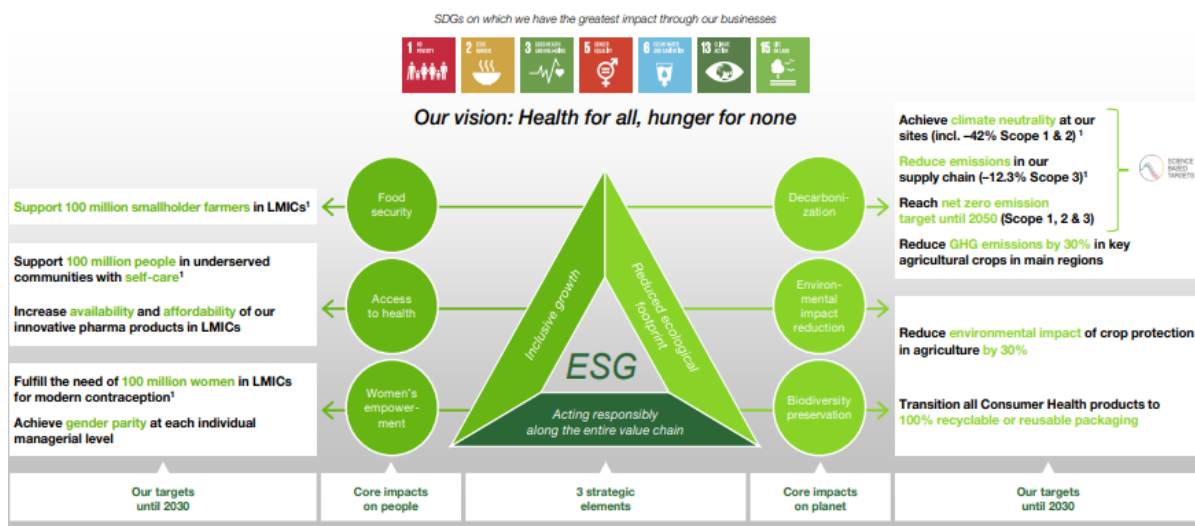
INTRODUCTION

For Bayer, sustainability means more than just corporate responsibility – it is a driver for Bayer’s future growth. Sustainability is therefore an essential component of our corporate strategy, our business activities, our corporate values and the way in which we operate our businesses.

Sustainability is at the center of our corporate vision “Health for all, hunger for none” and comprises the following three core elements for all divisions:

- // Inclusive growth and value added for society
- // Reduction of our ecological footprint
- // Responsible business practices along our value chain

Our strategy is aligned to the global Sustainable Development Goals (SDGs) of the United Nations, the attainment of which is targeted for 2030. We can have a significant impact owing to our portfolio, our global reach and our innovation power. In this context, we support particularly those Sustainable Development Goals where there is a pressing need to act and where we can make the greatest contributions through our businesses and their sustainable transformation.



LMICs: low- and middle-income countries; ¹ These targets are accounted for in the long-term variable compensation of the Board of Management and the managerial employees.

Figure 1: Our strategy and impact focusing on the SDGs

UPDATE ON THE PLEDGE

In this section, we present the commitments and their progress, linked to the Code of Conduct objectives, in which the Bayer Group focuses. The table below represents an overview.

Table 1. EU CoC targets and the Bayer Group commitments and progress for 2021

Type of business/ sector (E.g. retail, dairy)	Sustainability dimension (E.g. Environmental, social)	Code aspirational objective (1-7)	Individual commitments with baseline	Progress on KPIs and goals (qualitative and/or quantitative)
Input provider and innovation company	Environmental	AO3	<p>Climate neutrality of our sites and achievement of a Science Based Target</p> <p>Reference year 2019: -Scope 1 and 2: 3.76 million metric tons CO₂e -Scope 3: 8.82 million metric tons CO₂e</p>	<p>Net zero roadmap (2050) installed and medium-term (2030) targets validated by SBTi:</p> <ul style="list-style-type: none"> Reduction of Scope 1 and 2 greenhouse gas emissions by 42% Reduction of Scope 3 emissions along up-and downstream value chain by 12.3% Offsetting of remaining Scope 1 and 2 greenhouse gas emissions <p>Achievements Scope 1 and 2: Overall, we have already reduced our own emissions by 15.7% or 3.17 million metric tons CO₂e compared with the reference year 2019.</p> <p>Scope 3: We received a slight reduction of our value chain emissions compared to 2019. Our scope 3 emission in 2021 is: 8.16 million metric tons CO₂e</p>
	Environmental	AO4	Report yearly R&D investments	Our R&D investment in 2021 was 2.12 billion euro.
	Environmental and social	AO5	<p>100 million smallholder farmers in LMICs given support by 2030</p> <p>Reference year 2019: 42 million</p> <p>Report yearly our core social indicators</p>	<p>In 2021, we supported 49 million smallholder farmers in LMICs by our products, services and partnerships.</p> <p>Bayer is a founding member of the U.N. Global Compact and supports the United Nations' Universal Declaration of Human Rights and a number of globally recognized declarations for multinational corporations such as the OECD Guidelines for Multinational Enterprises and the Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy of the International Labour Organization (ILO), as well as the latter's core labor standards. In addition to these guidelines, we support the United Nations Guiding Principles on Business and Human Rights - also known as the "Ruggie Framework".</p>

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Input provider and innovation company	Environmental and social	AO6	<p>30% environmental impact reduction of our crop protection products</p> <p>Average baseline: 2014 –2018</p> <p>Report yearly on the status of the Food Chain Partnership.</p>	<p>In 2021, an initial assessment was performed on the environmental impact of Bayer’s crop protection products as well as all other globally applied crop protection products in 2018 in the market. One of the conclusions of the analysis was that the impact of Bayer’s crop protection products represents around 2% of the global environmental impact of all crop protection products, despite Bayer’s market share in terms of sales being significantly higher (around 18% of the global crop protection market). https://www.bayer.com/en/agriculture/educing-agricultures-impact-environment</p> <p>We have 382 Food Chain Partnerships running in 35 countries across regions, covering 65 crops and 41 Food Chain Partners.</p>

ADDITIONAL INFORMATION OBJECTIVES

(E.g. partnerships, geographical coverage, sharing best practices, links with other COM initiatives, with other reporting initiatives)

OBJECTIVE AO3

We have developed a net zero roadmap to achieve our ambitious climate targets. The Science Based Targets initiative (SBTi) has validated our target and confirms our contribution to fulfilling the Paris Agreement.

We have also signed the Business Ambition for 1.5°C, a campaign of the SBTi in partnership with the U.N. Global Compact and the We Mean Business Coalition as an external expression of commitment to net zero greenhouse gas emissions.

Roadmap to Net Zero

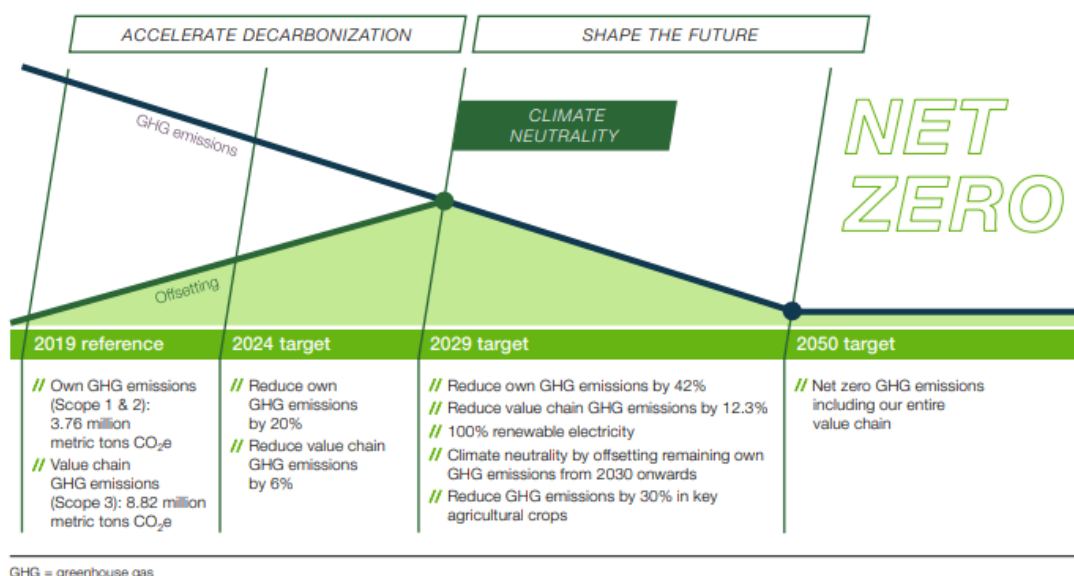


Figure 2: Bayer Group net zero road map

Scope 1 and 2

Our roadmap comprises various measures in the areas of energy & efficiency, governance and offsetting.

- **Energies & efficiencies**

In 2021, we pressed ahead with the conversion of our Group-wide electricity procurement, and renewable energies now account for 24.7% of our total purchased electricity volume. We have defined specific criteria for the procurement of green electricity and published this information on our website. The criteria are based on the next-generation green power guidelines of the WWF (World Wide Fund for Nature).

Investment in efficiency measures and renewable energies: to achieve an absolute reduction in our remaining emissions, we intend to invest €500 million through 2030 in renewable energies and in increasing the energy efficiency of our facilities and buildings.

- **Offsetting**

We will offset our own emissions (Scope 1 and 2) that still remain following reduction through technological measures and cannot be avoided (such as greenhouse gas emissions generated by chemical processes) by purchasing certificates from climate protection projects that meet recognized quality standards. We offset 300,000 metric tons of our greenhouse gas emissions in 2021 by financing reforestation and forest conservation projects, for example in Brazil, Indonesia, Nicaragua and Uganda.

In the framework of Bayer's activities to protect the forests, Bayer is a participant in the LEAF (Lowering Emissions by Accelerating Forest finance) Coalition.

Scope 3

The ability of one company to reduce the GHG emissions along the value chain is only limited. Hereto Bayer has joined various initiatives and is working on measures. For example: through the Supply Chain Initiative of CDP (formerly the Carbon Disclosure Project), we ask our strategically important suppliers and those who account for a significantly high proportion of our emissions in the value chain to provide us with more exact greenhouse gas emissions data. In 2021, we – like our biggest transport and logistics partners and various industrial companies – began to implement the IT solution "EcoTransIT World" for automatic calculation of transport-related greenhouse gas emissions. In addition,

also externally, we advocate for a climate position in line with our ambitious targets and demand that our partners also undertake decarbonization measures in accordance with the Paris Agreement. To ensure transparency in this connection, we published an Industry Association Climate Review for the first time in 2021.

We aim to reduce greenhouse gas emissions from our highest-emitting crops by 30% in our sales regions by 2030. Therefore, Bayer's focus lies on soy and corn in the United States, Brazil and Argentina, paddy rice in India, and wheat, cotton and oilseed rape/canola in various geographies. The scope of our efforts is focused on emissions of major greenhouse gases: carbon dioxide (CO₂), methane (CH₄) and nitrous oxide (N₂O) from field operations. The sources of greenhouse gas emissions include cultivation, decomposition of applied fertilizers and organic matter, and irrigation. Finally, our Carbon Farming Initiative launched in 2020 already offers farmers in Brazil, the United States, Europe and Asia financial incentives to apply climate-friendly methods and capture greenhouse gases in the soil.

- **Partnerships / coalitions:**

- // Global Soil Health Program (University of Glasgow)
- // World Economic Forum Lighthouse project – Decarbonization of the EU Food System – European Carbon+ Farming Coalition
- // Inter-American Institute for Cooperation on Agriculture (IICA), Living Soils in the America's Initiative
- // Coalition of Action 4 Soil Health (CA4SH)

OBJECTIVE AO4

Our innovations in the areas of plant breeding and crop protection are designed to further improve both the quality and the quantity of harvests, while providing highest safety standards, and to enhance plants' resilience against insect pests, diseases and a changing climate. In addition, we invest in research and development so as to attain an improved balance between productivity and conserving biodiversity and ecosystem services.

OBJECTIVE AO5

No one can overcome every challenge alone, we establish crop value chain partnerships to provide smallholder farmers with high-quality inputs, agronomic knowledge, cost-effective financing and risk mitigation solutions, as well as market access to sell their products. We have already forged a number of key partnerships:

- **Better Life Farming**

Better Life Farming is a long-term partnership between Bayer, the International Finance Corporation (IFC, part of the World Bank), Netafim and more than 20 local public and private partners as well as NGOs. This partnership helps smallholder farmers make their farms commercially profitable and sustainable. Better Life Farming was honored for its exemplary stakeholder engagement by the International Public Private Partnership Forum of the United Nations Economic Commission for Europe (UNECE) at its Build Back Better Infrastructure Awards 2021.

- **Noncommercial partnerships**

The Bayer Foundation funds the Digital Farmer II program of our partner Mercy Corps AgriFin together with the Bill & Melinda Gates Foundation. This leverages the spread of digital technologies to develop more efficient digital information and financial products and services for smallholder farmers.



The Bayer mission statement “Science For A Better Life”, our LIFE values and our Corporate Compliance Policy – combined with the United Nations Global Compact – clearly define human rights standards. These standards require all employees around the world to act with fair and lawful conduct toward other employees, colleagues, business partners and local communities. We are committed to upholding and supporting human rights and to transparently reporting about them. In particular we:

- Have policies, processes, and monitoring systems in place to implement human rights in our own operations
- Expect our business partners – suppliers and customers – to share our commitment to respect human rights, and to conduct their business in an ethical manner and act with integrity
- Support human rights in local communities.

The Bayer commitment to promoting human rights applies to all Bayer locations and business operations worldwide. As a global company, we regard this as representing a social and ethical commitment as well as a key requirement for sustainably developing our business. Human rights standards guide our decision-making and constructive engagement both internally and in our sphere of influence, while the responsibility of national governments for the protection of human rights is respected at the same time.

As an example, our position on child labor is quite clear – it is not tolerated at Bayer. Through our Child Care Program, Bayer has for years taken systematic action to prevent child labor in the seed supply chain. The Learning for Life initiative is an integral part of our Child Care Program in India. With advanced training measures in farming, we help disadvantaged young people gain the skills and knowledge needed for modern agricultural vocations and prepare themselves for advanced agricultural employment in villages or companies. The young people who have completed the training program serve as role models for other children to continue pursuing their school education. In combination with the Early Child Education Program implemented between 2005 and 2012/2013, we had reached 7,220 children and young people with our Learning for Life activities by the end of 2021. This number includes the more than 1,300 school students who successfully completed the career-oriented program between 2010 (the year of launch) and 2021.

Finally, we use a Group-wide, integrated risk management system to identify potentially detrimental effects of our business activity on human rights. The Bayer Risk Universe anchored in this system reflects the potential risk categories at Bayer. The Bayer Risk Universe is regularly reviewed and, if necessary, updated. For more information on our risk portfolio, please see the Opportunity and Risk Report in the 2020 Annual Report.

OBJECTIVE A06

Bayer consistently seeks to develop and offer crop protection products that have the same or better benefits for farmers, while having less impact on the environment. To this end, Bayer adopted a methodology for crop protection environmental impact reduction (CP EIR). The methodology we adopted relies on two leading externally developed scientific consensus models (PestLCI and USEtox®) to enable a quantifiable environmental impact assessment of crop protection. To measure progress against our target, we will use representative samples of field-level data from a third-party market research data provider (Kynetec UK Ltd.) obtained in interviews with randomly selected farmers.

In addition, we are working together toward a Sustainable Food Systems. Hereto, Food Chain Partnership-an innovative platform to promote partnerships and to address challenges throughout our food system- brings together farmers, food processors, retailers, traders and others along the value chain. By sharing collective insights, goals, and resources, everyone contributes in tangible Food Chain



Partnership initiatives to improve sustainability, food safety, quality, yields, and transparency.

Best practices:

<https://www.bayer.com/en/agriculture/food-chain-partnership>

<https://www.baygap.bayer.com/en-us/initiatives.html>

INFORMATION SOURCES

1. Bayer Sustainability Report 2021 - <https://www.bayer.com/sites/default/files/2022-03/Bayer-Sustainability-Report-2021.pdf>
2. Bayer Crop Protection Environmental Impact- <https://www.bayer.com/en/agriculture/reducing-agricultures-impact-environment>
3. Bayer Modern Slavery Statement- <https://www.bayer.com/en/sustainability/bayer-modern-slavery-statement>
4. Bayer Food Chain Partnership - <https://www.bayer.com/en/agriculture/food-chain-partnership> and <https://www.baygap.bayer.com/en-us/initiatives.html>
5. Bayer Human Rights Policy - <https://www.bayer.com/en/sustainability/human-rights> and <https://www.bayer.com/sites/default/files/2020-04/bayer-human-rights-policy.pdf>