



## Modern Slavery Act Statement

# 2021

This statement addresses the fiscal year 2021 (from January 1st to December 31st, 2021), in compliance with the requirements of the United Kingdom Modern Slavery Act (2015), the Australian Modern Slavery Act (2018) and the California Transparency in Supply Chains Act (2010). It sets out the steps taken by Bayer AG and its relevant affiliates ("Bayer"), namely in the United Kingdom: Bayer plc, Bayer CropScience Limited and Monsanto UK Limited; and in Australia: Bayer Australia Limited, Bayer CropScience Pty Limited, Monsanto Australia Pty Limited, and Imaxeon Pty Limited.



## Introduction

**We stand for respecting human rights in everything we do. We have no tolerance for violations of human rights, for modern slavery and human trafficking. We are committed to respecting and fostering human rights within our own business activities and in business relations and to reporting transparently on the results of our activities in this area.**

**This Statement builds upon our earlier Modern Slavery Act Statements and summarizes our activities to combat modern slavery and human trafficking in 2021.**

The term 'human rights', as used in this Statement, includes modern slavery, human trafficking and forced labour.

Sustainability is an essential component of our corporate strategy, our business activities, our corporate values, and the way in which we operate our business. Sustainability is at the centre 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

The respect for human rights is a strategic element of our responsible business practices. We have the ambition to be industry-leading in our approach to human rights by 2030. This includes the addressing of human rights risks and impacts as well as a positive contribution to people and planet by our ambitious social and ecological targets. Please find more on how we deliver on these targets in our externally assured [2021 Sustainability Report](#).

*Our vision: Health for all, hunger for none*



Bayer is a founding member of the [UN Global Compact \(UNGC\)](#) and respects the [Universal Declaration of Human Rights](#) and the International Covenants on Civil and Political Rights and on Economic, Social and Cultural Rights of the United Nations. We support the [UN Guiding Principles on Business and Human Rights \(UNGPs\)](#), which are among the most important international standards for preventing and combating possible human rights violations in connection with business activities. We commit to respect human rights due diligence in our activities along the value chain as described in the UNGPs. We also support the [OECD Guidelines for Multinational Enterprises](#) and [Social Policy of the International Labour Organization \(ILO\)](#) and the latter's core labour standards.

### Our business

As a life science company, we are a global leader in healthcare and nutrition. Our innovative products support efforts to overcome the major challenges presented by a growing and aging global population. We help prevent, alleviate, and treat diseases. We also aim to ensure the world has a reliable supply of high-quality food, feed, and plant-based raw materials. As part of this endeavour, the responsible use of natural resources is always a top priority. In keeping with our vision of "Health for all, hunger for none" we want to contribute to putting an end to hunger, helping everyone lead a healthy life, and protecting ecosystems at the same time. This is what our purpose stands for, namely "Science for a better life".

As the parent company of the Bayer Group, Bayer AG – represented by its Board of Management – performs the principal management functions for the entire enterprise. This mainly comprises the Group's strategic alignment, resource allocation, and the management of financial affairs and managerial staff, along with the management of the Group-wide operational business of the Crop Science, Pharmaceuticals and Consumer Health divisions.

**Crop Science** is the world's leading agricultural enterprise, with businesses in crop protection, seeds and traits and digital farming. We offer a broad portfolio of high-value seeds, improved plant traits, innovative chemical and biological crop protection products, digital solutions, and extensive customer service for sustainable agriculture. We market these products primarily via wholesalers and retailers or directly to farmers. In addition, we market pest and weed control products and services to professional users outside the agriculture industry. Most of our crop protection products are manufactured at the division's own production sites. Numerous decentralized formulation and filling sites enable the company to respond quickly to the needs of local markets. The breeding, propagation, production and / or processing of seeds, including seed dressing, take place at locations close to our customers, either at our own facilities or under contract.

**Pharmaceuticals** concentrates on prescription products, especially for cardiology and women's healthcare, and on specialty therapeutics focused on the areas of oncology, haematology, ophthalmology and, in the medium term, cell and gene therapy. The division also comprises the radiology business, which markets diagnostic imaging equipment and digital solutions together with the necessary contrast agents. Our portfolio includes a range of key products that are among the world's leading pharmaceuticals for their indications. The prescription products of our Pharmaceuticals Division are primarily distributed through wholesalers, pharmacies, and hospitals.

**Consumer Health** is a leading supplier of non-prescription (OTC = over-the-counter) medicines, nutritional supplements, medicated skincare products and other self-care solutions in the categories of pain, cardiovascular risk prevention, dermatology, digestive health, allergy, and cough & cold. The products are generally sold by pharmacies and pharmacy chains, supermarkets, online retailers, and other large and small retailers.

The **enabling functions** support the operational business. They serve as Group-wide competence centres and provide business support processes and services.

As of 2021, the Bayer Group comprises 375 companies in 83 countries throughout the world. Its headquarters is in Leverkusen, Germany. Sales at the Bayer Group in 2021 amounted to €44.1 billion. To learn more about Bayer please visit our website [www.bayer.com](http://www.bayer.com).

### Our Employees

On December 31, 2021, we employed 99,637 people worldwide. Thereof, the majority (44.5%) are employed in Europe/ Middle East and Africa, 21.5% in Asia/ Pacific and 19.6% in North America and 14.4% in Latin America. Within our workforce, 3.7% of employees have temporary contracts. To learn more about our workforce structure please see the [2021 Annual Report](#).



### Our Supply Chains

As a global company, Bayer procures services and materials from all over the world. In 2021, we had a total of 93,844 suppliers in 144 countries. Our main direct procurement materials include active ingredients, raw materials, intermediates, finished products and seeds. Technical goods and services, research and development supplies, marketing services and information technologies are important components of our indirect procurement portfolio. Bayer purchases locally wherever feasible in order to respond promptly to the requirements of our sites and simultaneously strengthen local economies. In 2021, this applied to 77% of procurement spend in all countries worldwide.

### Geographical distribution of our suppliers and spend in 2021

|                                | Spend in € billion | Number of suppliers |
|--------------------------------|--------------------|---------------------|
| OECD countries                 | 14.9               | 50,687              |
| U.S.A.                         | 6.3                | 14,034              |
| Germany                        | 4.1                | 7,794               |
| United Kingdom                 | 0.6                | 1,299               |
| Australia                      | 0.1                | 1,127               |
| Other                          | 3.8                | 26,433              |
| Non-OECD countries             | 4.0                | 43,157              |
| China                          | 0.9                | 2,022               |
| Brazil                         | 1.0                | 7,588               |
| India                          | 0.8                | 10,351              |
| Other                          | 1.3                | 23,196              |
| Procurement spend in € billion | 18.9               |                     |
| Number of suppliers            |                    | 93,844              |

## Human Rights Governance

Sustainability and human rights are among the responsibilities of the Chairman of the Bayer Board of Management. The Chairman is also Bayer's Chief Sustainability Officer. In his role as Chief Sustainability Officer, topics related to human rights are supported by the Ethics and Social Impact Team of the Public Affairs, Science, Sustainability & Health, Safety and Environment Enabling Function. As of February 2022, the Health, Safety and Environment (HSE) organization has been assigned to the Chairman of the Board of Management.

Resulting from the reorganization and coupled with the requirements of the German Supply Chain Due Diligence Act (effective from 2023), Bayer has continued to refine the governance structure in 2021.

### Our Policies

Bayer has documented its stance on human rights, including modern slavery, human trafficking and forced labour, in a globally binding [Bayer Human Rights Policy](#). Our commitment to respecting human rights extends to all Bayer employees worldwide and the entire value chain, comprising business partners, suppliers, contractors, customers, consumers, and local communities.

**Engaging stakeholders in the update of our Human Rights Policy**

In 2021, the Ethics and Social Impact Team in cross-functional and divisional collaboration started to update our Human Rights Policy, considering requirements stemming from the German Supply Chain Due Diligence Act and the results of the risk analysis being virtually completed in 2021. External civil society organizations had been consulted during the risk analysis by means of interviews. Insights gained will be reflected in the updated policy. Additionally, external business and human rights experts were consulted to review the draft Human Rights Policy. The updated policy will be published in due course of 2022 to also ensure that it responds to the demands of the German Supply Chain Due Diligence Act.

As described in more detail in our [2020 Modern Slavery Statement](#), our LIFE values and further supplementary policies substantiate how we pursue our activities in respect of human rights ([Bayer Societal Engagement Principles](#), [Corporate Compliance Policy](#)), how we expect our employees to conduct themselves fairly and in a compliant manner (Fairness and Respect at Work Policy) and how we act in case of a compliance violation (Policy on Management of Compliance Incidents). We have anchored ethical, social, and ecological principles in our Procurement Policy, which is binding for all employees worldwide.

With respect to clinical trials, we strictly align ourselves to the [Declaration of Helsinki](#), a set of ethical principles regarding medical research involving humans, adopted in 1964, and other international ethical norms and standards (e.g. from the Council for International Organizations of Medical Sciences ([CIOMS](#)) and the International Council for Harmonisation of Technical Requirements for Pharmaceuticals for Human Use ([ICH](#))). These principles are also specified in our Supplier Code of Conduct.

**Our Supplier Code of Conduct**

We also expect our business partners, and particularly our suppliers and subcontractors, to fully observe human rights. Therefore our [Supplier Code of Conduct](#) is based on our Human Rights Policy, the principles of the UNGC and the core labour standards of the ILO. Our Supplier Code of Conduct aims to strengthen our mutual understanding of how sustainability should be practiced in day-to-day business and includes the expectation that our suppliers will seek to enforce the same principles within their own supply chains. It is made available to our suppliers before entering into contract and suppliers must commit to our core principles upon registration. The code is available in 12 languages and covers the areas of ethics, people and labour, health, safety and environment, quality, and governance. The chapter "people and labour" specifies that we do not tolerate child labour nor slavery, servitude and forced or compulsory labour and human trafficking in our supply chains.

## Human Rights Strategy

The foundation of Bayer's human rights strategy is the due diligence approach along the value chain as described by the UNGPs.

### Human Rights Due Diligence in Accordance with the UNGPs at Bayer



In 2030, we want to be industry-leading in our approach to human rights. With this ambition in sight and acknowledging that human rights due diligence is a continuous process, we further developed our human rights strategy in 2021.

Our human rights strategy consists of three interlocking phases:

**Definition of the framework:** The strategy builds upon the risk- and status analysis in accordance with the UNGPs. It also considers our company vision "Health for all, hunger for none" and external requirements as for example the legal requirements stemming from the German Supply Chain Due Diligence Act, the UK Modern Slavery Act, the Australia Modern Slavery Act and the California Transparency in Supply Chains Act.

**Operationalization and full integration:** Expansion of existing due diligence processes to address human rights impacts.

**Strategic positive contribution:** Positively contribute to the respect for human rights with our business activities- as described by our company vision and started with our sustainability targets.



From 2022 onwards, we will further refine and adapt the human rights strategy. This will include a review and extension of our process to assess the effectiveness of our measures.

## Risk management

### Identifying Our Human Rights Risks

In 2021, we virtually completed the renewed Group-wide identification and assessment of our human rights risks in accordance with the UNGPs, together with external partners. The risk analysis covered the entire Bayer Group and considered human rights that could be negatively impacted through the Group's activities or through business relationships.

The first step in this process was to identify potential human rights risks where Bayer could be directly complicit in via our business activities, our products, services, or indirectly in our supply chain. These potential risks were then separately assessed, considering their degree of severity for right holders, materiality to our business and likelihood of occurrence. This enabled us to identify human rights that could be most significantly negatively impacted through our activities and business relations in both upstream and downstream value chains (salient human rights) or that are of particular importance for our company (material human rights). The results of the human rights risk analysis are intended to be published as the human rights strategy comes into force.

At Bayer, we have implemented a holistic and integrated risk management system for which the Board of Management of Bayer AG holds overall responsibility, while the responsibility for the identification, assessment, treatment and reporting of risks lies with the risk owners in the operation business units in the divisions and enabling functions. The risk management system lays the foundation for a risk culture with independent, proactive, and systematic risk management involving clearly defined roles and responsibilities, principles, standards, methods, tools, and training measures. More details on the risk management system and the risk management process can be found in our [2021 Annual Report](#).

Since the Bayer Risk Universe maintained as part of the risk management system already includes risks pursuant to the Corporate Social Responsibility Directive Implementation Act that relate to - among others - human rights, it is planned to align and incorporate the identified salient and material human rights risks as applicable into the risk management process.

It is intended to repeat this risk analysis and identification on annual basis and on ad-hoc basis if, for example, a change in our business requires it.

### Salience & materiality

Two dimensions must be accounted for when managing human rights risks. The first comprises salient human rights issues, which refer to those human rights that can be most severely affected by our activities and business relationships. The other concerns material human rights, which are those that are of great importance for our internal and external stakeholders.

### Internal Risk Controls

We verify the observance of human rights at our sites partly by means of internal audits. Bayer's Internal Audit function conducts regular audits following the International Internal Audit Standards (IIA). The annual audit planning follows a risk-based approach. These audits include, among others, the verification of our Human Resources processes with particular focus on labour contracts, compliance with hiring requirements (including minimum age verification) of our permanent and temporary employees, and employees' working hours. Audits also consider whether employees are paid a living wage (find more details

on our continued approach to living wages in our [2021 Sustainability Report](#) and our [2020 Modern Slavery Statement](#)) and cover our procurement processes, for example work with contractors.

A total of 89 audit reports were compiled in 2021, of which 12 related to preventive compliance system audits or incident-related investigations. For more details, please refer to our [2021 Sustainability Report](#).

### Improvement in Our Supply Chain

Bayer works continuously to strategically evolve sustainability topics in procurement including human rights. In 2021, we continued to ensure that all strategically important suppliers had to present an EcoVadis rating of at least 45 out of 100 points ("green" assessment) or a comparable audit result. Since 2021, potential new suppliers with a high inherent sustainability risk and a procurement spend of more than €250,000 have been examined in advance with regard to sustainability aspects.

We have established a four-step process throughout the Group to improve sustainability practices in the supply chain, which was described in more detail in our [2020 Modern Slavery Statement](#). This process is centrally steered by the Sustainability unit in Procurement. It is implemented through cross-functional co-operation between the Procurement, Public Affairs, Science, Sustainability & HSE enabling functions.

**1) Raising awareness** – The core principles of our sustainability requirements are established in our [Supplier Code of Conduct](#). The code is applied in the selection and evaluation of our suppliers. Suppliers must already commit to our core principles upon registration. By accepting our Supplier Code of Conduct, our suppliers are certifying that they do not engage in conduct that the code prohibits, including modern slavery and human trafficking.

**2) Selecting suppliers for evaluation** – Each year, Bayer systematically selects suppliers whose observance of the code requirements needs to be reviewed through an online assessment or an audit. Suppliers of strategic relevance to Bayer must undergo a sustainability evaluation. The same applies to suppliers with a significant annual procurement spend of more than €0.5 million and a high sustainability risk classification. This classification comprises the supplier's country and category risks including social standards (e.g., child labour, forced labour, working conditions). The risk categorization is based on internationally recognized classifications of country risks such as those applied by the World Bank and of category risks such as those employed by the United Nations.

In 2021, this selection process yielded 270 strategically important suppliers making up around 20% of the total procurement spend, and 320 suppliers with a high sustainability risk and a significant procurement spend (>€0.5 million p.a.) making up nearly 7% of the total procurement spend.

With regard to modern slavery, we analysed that 10% of our purchasing volume is in countries with a high modern slavery risk.

**3) Evaluating sustainability performance** – We verify the observance of the code requirements by the suppliers selected in Step 2 by means of EcoVadis online assessments or through on-site audits or, during the COVID-19 pandemic, virtual audits. All our sustainability assessments and audits are carried out through qualified third-parties and take place after an announcement to the supplier. The online assessment criteria of EcoVadis – broken down into the areas of environment, ethics, labour practices and human rights, and sustainable procurement – correspond to the requirements of our code and also take into account country- and industry-specific conditions and supplier size. In total, our service provider EcoVadis assessed 802 suppliers on our behalf in 2021.

In 2021, we also arranged for 67 of our suppliers to be audited on site by external, independent auditors. In addition, 10 suppliers were audited virtually due to the global COVID-19 pandemic. Both on-site audits as well as virtual audits include interviews with the suppliers' management and employees.

The audit criteria included both the specifications of our code and the industry-specific requirements of the industry initiatives Together for Sustainability (TfS) and the Pharmaceutical Supply Chain Initiative (PSCI).



## Assessment and audits of our suppliers

|                                                                   | 2020 | 2021 |
|-------------------------------------------------------------------|------|------|
| Sustainability assessments <sup>1</sup> via the EcoVadis platform | 670  | 802  |
| Sustainability audits <sup>2</sup> by external auditors           | 31   | 77   |

<sup>1</sup> The online assessments of our suppliers that form part of a group generally takes place at the parent-company level. Initial and re-assessments of suppliers working for Bayer; initiated by Bayer and shared via EcoVadis within the TFS initiative.

<sup>2</sup> Initial and follow-up audits of suppliers working for Bayer; initiated by Bayer and shared as part of the TFS and PSCI initiatives.

**4) Developing suppliers** – The online assessments and on-site audits are analysed and documented so that specific improvement measures can be defined. In 2021, suppliers who had undergone online assessments by EcoVadis demonstrated the need for improvement in particular in the categories of ethics and sustainable procurement, while those who had been audited required improvement in occupational health and safety.

A supplier receives a critical result if one or more serious violations or several major findings in the implementation of sustainability aspects are identified. In these cases, Bayer requests that the suppliers remedy the identified weaknesses within an appropriate timeframe based on specific action plans. In 2021, this applied to 22 suppliers (3% of assessed and audited suppliers). Related to human rights, serious violations against working time, wages and benefits, fair treatment as well as health and safety were identified at 9 of these suppliers. In each of the cases, Bayer requested our suppliers to improve the situation for employees in a timely fashion.

We monitor the implementation of these activities by way of re-assessments or follow-up audits. Bayer retains the right to terminate a supplier relationship if no improvement is observed during a re-evaluation. In 2021, Bayer was not prompted to end any supplier relationship due solely to sustainability performance. However, we implemented measures to reduce business with suppliers who were not able to improve their sustainability performance.

Our monitoring shows that 508 (2020: 357) of the 879 (2020: 701) Bayer suppliers evaluated in 2021 improved their sustainability performance.

A key factor in this collaboration is helping our suppliers to improve their sustainability performance, including their performance in the area of labour practices and human rights. Here we focus both on remedying deficiencies and on collaborating on sustainability topics. Please also see the section Training for further details.

In 2021, Bayer organized a global virtual Supplier Day that focused partly on sustainability issues. We used this opportunity to communicate our expectations and ambitions regarding the issues of environmental protection, human rights, and inclusion & diversity to our suppliers.

Beginning in 2022, we will establish a comprehensive concept to further strengthen supplier development in terms of sustainability.

For more details on the four-step-management process please refer to our [2021 Sustainability Report](#).

## Management of Particular Risks

### *Mental health of our employees in the pandemic situation*

As the COVID-19 pandemic has placed an additional burden on many people worldwide, including our own employees and their families, we also paid special attention to the mental health of our employees in 2021. Through target-group-appropriate information and programs, we are endeavouring to break down taboos surrounding the issue of mental health and are looking to counteract the development of mental illness more proactively in the future:

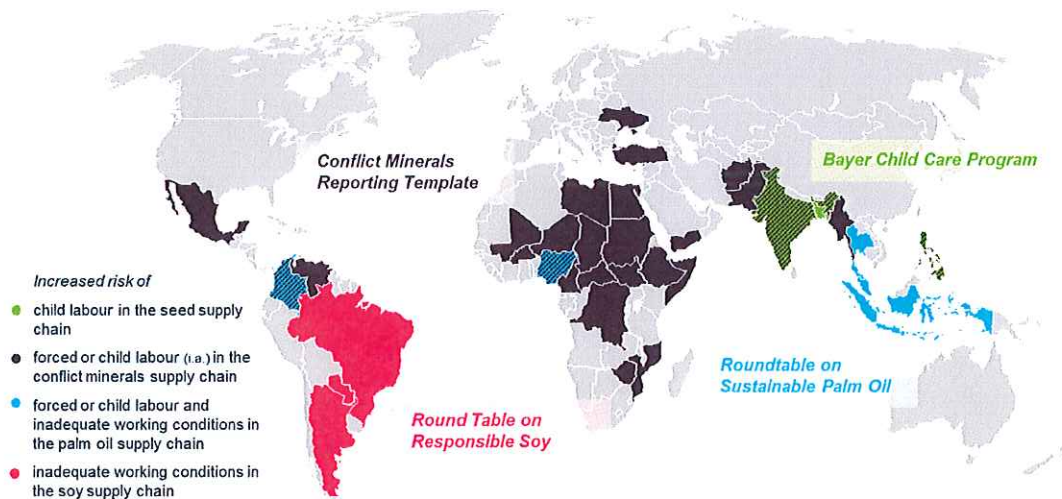
- // Development of the central intranet platform "House of Health," with wide-ranging information and training offerings to address issues such as emotional health and resilience, as well as physical health, ergonomics, and healthy living
- // More than 600 different training courses, lectures, and podcasts on maintaining good mental health, aimed at various target groups
- // Workshops for managerial staff on mental health and well-being

It is of great importance to us, that our employees are empowered to meet both their work responsibilities and their private obligations. Therefore, Bayer permanently expanded the flexibility it offers employees for shaping working hours and work locations in line with the requirements of (labour) law and taking into account cultural differences. It also helps keep our employees safe and limit the spread of the pandemic.

### *In our supply chain*

In the past, we identified areas in our supply chain with a potential increased risk of human rights violations for which we have derived preventive measures accordingly.

#### Selected activities to prevent modern slavery in our supply chains



### *Child labour in the seed supply chain*

Our position on child labour is clear – it is not tolerated at Bayer. We therefore obligate our suppliers to strictly refrain from employing children. Through our Child Care Program, Bayer for years has taken systematic action to prevent child labour in the seed supply chain. The programme is established in India, Bangladesh, and the Philippines – the countries in which we identified an increased risk of child labour in the seed supply chain through our risk assessment. Please find more about our Child Care Program in our [2021 Sustainability Report](#) and our [2020 Modern Slavery Statement](#).

Despite the restrictions associated with COVID-19, local Bayer employees continued their field inspections wherever possible, while observing the safety precautions. In 2020/2021, we uncovered a total of 40 cases (2019/2020: 14) of child labour among our seed suppliers in India. We assume that this increase is due to return migration of the rural population and the enormous challenges associated with the pandemic. No cases of child labour were identified in Bangladesh and the Philippines over the same period.



We immediately put a stop to instances of child labour among our contractors and closely track them through the measures related to our Child Care Program. Graduated sanctions are also applied for non-compliance by our suppliers. These range from written warnings to termination of the contract in the case of repeated non-compliance. By contrast, suppliers who can verify that they strictly observe our ban on child labour receive a bonus such as incentive payments.

In the Global Child Forum (GCF) Benchmark 2021, which regularly evaluates companies as regards their handling of children's rights, we received a leading rating for our efforts to fight child labour and are the top-rated company in our industry. The GCF selected our Child Care Program as a case study to share how root causes of child labour can be mitigated through a company's actions.

#### *Human Rights in the mineral supply chain*

Being aware that the procurement of minerals originating from unstable regions of the world can contribute to the financing of conflicts and the violation of human rights, we work to ensure that so-called conflict minerals are procured responsibly. As stated in our Supplier Code of Conduct, we expect that our suppliers ensure that products supplied to Bayer do not contain metals derived from minerals or their derivatives originating from conflict regions. We continue to use the internationally recognized Conflict Minerals Reporting Template to survey our relevant suppliers in order to identify the use, sources and origin of certain minerals in our supply chain. Suppliers who do not meet our requirements are immediately notified that these standards must be complied with, and suitable measures are initiated. In 2021, we continued to source low amounts of metals which belong to the so-called conflict minerals.

#### *Human rights in the palm and soy oil supply chains*

Bayer is not sourcing soy or palm (kernel) oil directly, but we are using soy or palm oil derivatives in a small number of our products. As to promote the socially and environmentally responsible production of soy and palm oil, we are a member of the Round Table on Responsible Soy (RTRS) and the Roundtable on Sustainable Palm Oil (RSPO). In their principles, the RTRS and the RSPO, both include strict requirements on child and forced labour. Since 2017, we purchase credits according to the quantities of soy and palm oil we use.

For soy, we have been purchasing credits in 2021. The financial value of these credits rewards farmers who undertake to grow soy and palm oil in a legal, ecologically, socially, and economically sustainable way and who demonstrate this as part of an audited certification process. Additionally, through our Crop Science division, we also cooperate with the RTRS to provide mutual support in the certification of Brazilian soybean producers according to the high ecological, social, and economic criteria of the RTRS. Further information about our Crop Science food chain partnerships, certification and projects with the RTRS can be found here.

For palm oil, 2021 marks a transition year since we decided to move from the RSPO Credit Certification scheme towards the RSPO Mass Balance Certification. This allows us to strengthen our lever on sustainably produced palm-oil and to cooperate closer with our suppliers as to stepwise increase the share of palm oil certified through the Mass Balance scheme: In 2022 we want to achieve 50% Mass Balance certification. Bayer is committed to increasing the certification by 10% annually, with a goal to be almost 100% certified by 2027. We invite all stakeholders to follow and support in this process.

#### *Forced labour in the agricultural and pharmaceutical value chains*

For several years, we engage with relevant civil society organizations and relevant working groups, e.g., Business for Social Responsibility (BSR) and Pharmaceutical Supply Chain Initiative (PSCI), to develop tools to help identifying risks of forced labour in agricultural and pharmaceutical supply chains.

## Grievance Mechanisms

Bayer manages its businesses responsibly and in compliance with the statutory requirements and regulations of the countries in which it operates. We define compliance as legally and ethically impeccable conduct by all employees in their daily work and expect this as well from our suppliers. We do not tolerate any violation of applicable laws, codes of conduct or internal regulations.

Suspected compliance violations, including violations of human rights, can be reported through different channels. For the general public, for our employees and the employees of our suppliers, we offer a [web-form](#) and a [worldwide compliance hotline](#) operated by an independent service provider. In 2021, we have changed the provider of our hotline to lift language limitations. A caller may now choose from more than 300 languages the preferred language in which trained personnel is assisting to make a report. A call can be placed anonymously if desired and permitted by respective national law. The provider enables a complainant to check the status of the report submitted. This hotline is also mentioned in our Supplier Code of Conduct, where, additionally, we expect our suppliers to make an adequate complaint mechanism available to their stakeholders.

Our employees can also report suspected compliance violations directly to the respective compliance functions, Internal Audit, or a web-based form. In 2020, an internal mailbox- the so-called "Speak-Up Inbox" was introduced as well. A report can be submitted anonymously if allowed by national law.

All cases are recorded according to uniform criteria and dealt with under the rules set forth in Bayer's Management of Compliance Incidents corporate policy. This includes that in the course of an investigation objectivity, fairness and confidentiality need to be ensured. Where an investigation confirms that a compliance violation has occurred, the company has a graduated set of measures at its disposal. These include a verbal warning or written reprimand, transfer to a different unit, cancellation of a planned promotion, a reduction in the short-term incentive payment, downgrading to a lower collectively agreed pay rate or managerial contract level, and ordinary or extraordinary termination. Bayer also reserves the right to assert further claims against the employee for cost reimbursement or damages and/or to initiate criminal proceedings.

In 2021, Bayer's compliance organization received a total of 299 reports in this way (including 208 anonymous reports).

### Geographical distribution of compliance reports received in 2021

|                                       | 2021 |
|---------------------------------------|------|
| Africa                                | 11   |
| Asia Pacific                          | 50   |
| Europe                                | 60   |
| Greater Middle East                   | 10   |
| Latin America                         | 88   |
| North America                         | 80   |
| Number of compliance reports received | 299  |

In 2021, we started to review our grievance mechanisms with a special focus on human rights. This will be further advanced together with steps taken in preparation for the German Supply Chain Due Diligence Act.



## Training

### For Our Employees

We support all our employees in acting with integrity as is framed by our company's LIFE values. Therefore, we do communication campaigns and offer ongoing training programmes covering compliance and human rights. For example, our annual, company-wide "speak up" campaign to foster an open reporting culture communicates the various options for reporting compliance violations. This campaign involves regular information and communication at a global level to create an environment in which our employees can address compliance violations without reservations, therefore putting Bayer's value concepts into practice.

Additionally, we offer numerous ongoing training programs – partly on mandatory basis – to enhance employees' awareness of the importance of human rights in their day-to-day activities, including our employees with direct responsibility for our supply chains. In 2021, more than 85% of our employees received training on aspects of our Human Rights Policy in sessions totalling more than 215,000 hours. The issue of human rights has also been an integral element of training measures for new country heads since 2021.

All employees are strongly encouraged to complete the newly introduced "Respecting Human Rights at Bayer" training course which includes the topics of modern slavery, forced labour, and child labour. Employees learn how to identify, analyse, and address cases of potential human rights violations. It was developed with internal experts from the divisions, functions, and country organizations. This course is available in English and from May 2022, in eight additional languages (Chinese, French, German, Italian, Japanese, Portuguese, Russian, Spanish). This course will be included in the development plans of employees working in areas with a higher risk of human rights infringements.

Internal training measures are accompanied by an internal learning platform on sustainability that also offers diverse learning materials on the respect for human rights, including modern slavery.

We are working on an internal engagement plan to further increase the awareness of human rights.

### For Our Suppliers

For our suppliers, we have integrated human rights aspects into the [global guidance document](#) which supplements our Supplier Code of Conduct.

In 2021, the Pharmaceutical Supply Chain Initiative (PSCI) organized virtual training courses and workshops for suppliers in India and China covering diverse sustainability topics including human rights and local labour regulations. Through the PSCI online resource library, additional advanced training modules are offered to our suppliers that are being expanded each year, for example in 2021, new webinars on human rights legislation, were offered. PSCI gives suppliers the opportunity to network among one another and further develop a responsible supply chain.

Together with the Together for Sustainability (TfS) initiative, we began to develop a practically oriented learning environment for suppliers and purchasers in 2021 to further establish competencies as regards sustainability issues. The focus here is on ethical aspects, conflict minerals, anti-corruption measures, among other issues. The training courses are expected to be available beginning in 2022. In 2021, we selected more than 200 suppliers to participate in TfS training courses based on their sustainability performance and Bayer's supplier evaluation plan (see Improvement in the supply chain). The training courses dealt with labour and human rights guidelines, whistle-blower procedures, environmental reporting, and sustainable procurement guidelines.

## Partnerships

We engage in dialogue with stakeholders and actively participate in committees, initiatives, and partnerships to foster human rights:

### Our Partnerships

| Initiative or Committee                                        |                                                                                                                                                                                                                                                                                                                              |
|----------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Business for Social Responsibility (BSR)                       | In 2020, we joined the Business for Social Responsibility (BSR) initiative and its working group for human rights. The member companies from various industries discuss best practices, challenges, and experiences in implementing the UN Guiding Principles on Business and Human Rights.                                  |
| econsense                                                      | Econsense is an exchange-platform for globally operating companies with a focus on sustainability topics - from environmental protection to human rights. We participate in this forum to learn on and share our best practices.                                                                                             |
| Enabling Child and Human Rights with Seed Organizations (ECHO) | Established by Bayer and other seed companies in 2019, ECHO is one of the biggest multi-stakeholder forums for the promotion of children's rights and decent work.<br>In 2021, we organized several events in the scope of this forum dealing with topics on decent work and the abolition of child labour.                  |
| Pharmaceutical Supply Chain Initiative (PSCI)                  | The Pharmaceutical Supply Chain Initiative (PSCI) is a non-profit membership organisation with the aim to implement sustainable practices along the supply chains. It therefore offers i.a. learning platforms for suppliers and shares audit results through its platform with members.                                     |
| Together for Sustainability (TfS)                              | Together for Sustainability (TfS) is an initiative of chemical companies with a focus on assessing, auditing, and improving sustainability practices in the supply chains.                                                                                                                                                   |
| Coalition of Action on Living Incomes and Decent Work          | At the Pre-Summit of the UN Food Systems Summit 2021, we joined the <u>Coalition of Action on Living Incomes and Decent Work and Living Incomes and Wages for All Food System Workers</u> . This coalition promotes human and labour rights in the agri-food sector, aiming for equitable livelihoods and decent employment. |

Bayer is also an active participant in the current discussion on due diligence with respect to human rights at the EU level and on the implementation of the requirements stemming from the German Supply Chain Due Diligence Act at the national level. Together with a partner, we conducted a "Bayer Straight Talk" in October 2021 on the EU's human rights due diligence initiative featuring participants from politics, law, civil society, and industry.



## Past Achievements and Future Key Points of Action

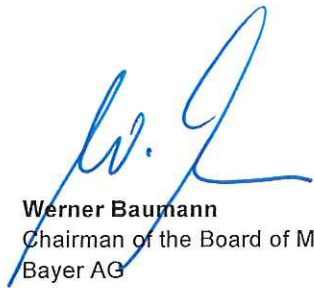
We know that the size of our business alone means we must and can make a significant contribution to sustainable development. In the area of human rights including modern slavery and human trafficking, we continue to learn and continuously improve and adjust our processes.

| Year           | Planned                                                                             | Achieved                                                                                                                                                                                                                                                                                                        |
|----------------|-------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 2020 - 2022    | Renewal of identification and assessment of our human rights risks                  | We identified the human rights that could be most significantly negatively impacted through our activities and business relations in the upstream and downstream value chains (salient human rights) or that are of particular importance for our company (material human rights), see <b>Risk Management</b> . |
| 2022           | Incorporation of relevant human rights risks into the Bayer risk management process | See <b>Risk management</b>                                                                                                                                                                                                                                                                                      |
| 2021 - ongoing | Development of a new human rights strategy                                          | We have started to update our human rights strategy, see <b>Human Rights Strategy</b> . We will further refine and adapt it.                                                                                                                                                                                    |
| 2021 - ongoing | Update of our Human Rights Policy                                                   | We have updated our Human Rights Policy. The updated policy will be published in due course of 2022 to also respond to the demands of the German Supply Chain Due Diligence Act, which was enacted mid-2021, see <b>Human Rights Governance</b> .                                                               |
| 2021           | Dedicated online training on human rights                                           | We prepared a dedicated human rights basic training course, which includes the topics of modern slavery, human trafficking and forced labour, and child labour. End of 2021, the English version of this e-learning programme was published, see <b>Training</b> .                                              |
| 2021 - ongoing | Review of our grievance mechanisms                                                  | We started to review our grievance mechanisms with a special focus on human rights. This will be further advanced together with steps taken in preparation for the German Supply Chain Due Diligence Act.                                                                                                       |
| 2021-ongoing   | Strengthen sustainability supplier development                                      | We started to conceptualize our supplier development, which we continue in 2022, see <b>Improvement in our supply chain</b> .                                                                                                                                                                                   |
| 2022           | Human Rights Internal Engagement Plan                                               | We are working on an internal engagement plan, see <b>Training</b> .                                                                                                                                                                                                                                            |

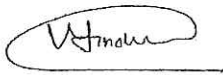
## Corporate Responsibility

This statement was approved by the Chairman of the Bayer AG Board of Management and by the Boards of Bayer plc, Bayer CropScience Limited, and Monsanto UK Limited.

Signed



**Werner Baumann**  
Chairman of the Board of Management,  
Bayer AG



**Vinit Jindal**  
Director,  
Bayer plc and Bayer CropScience Limited



**Colin Barker**  
Director,  
Monsanto UK Limited