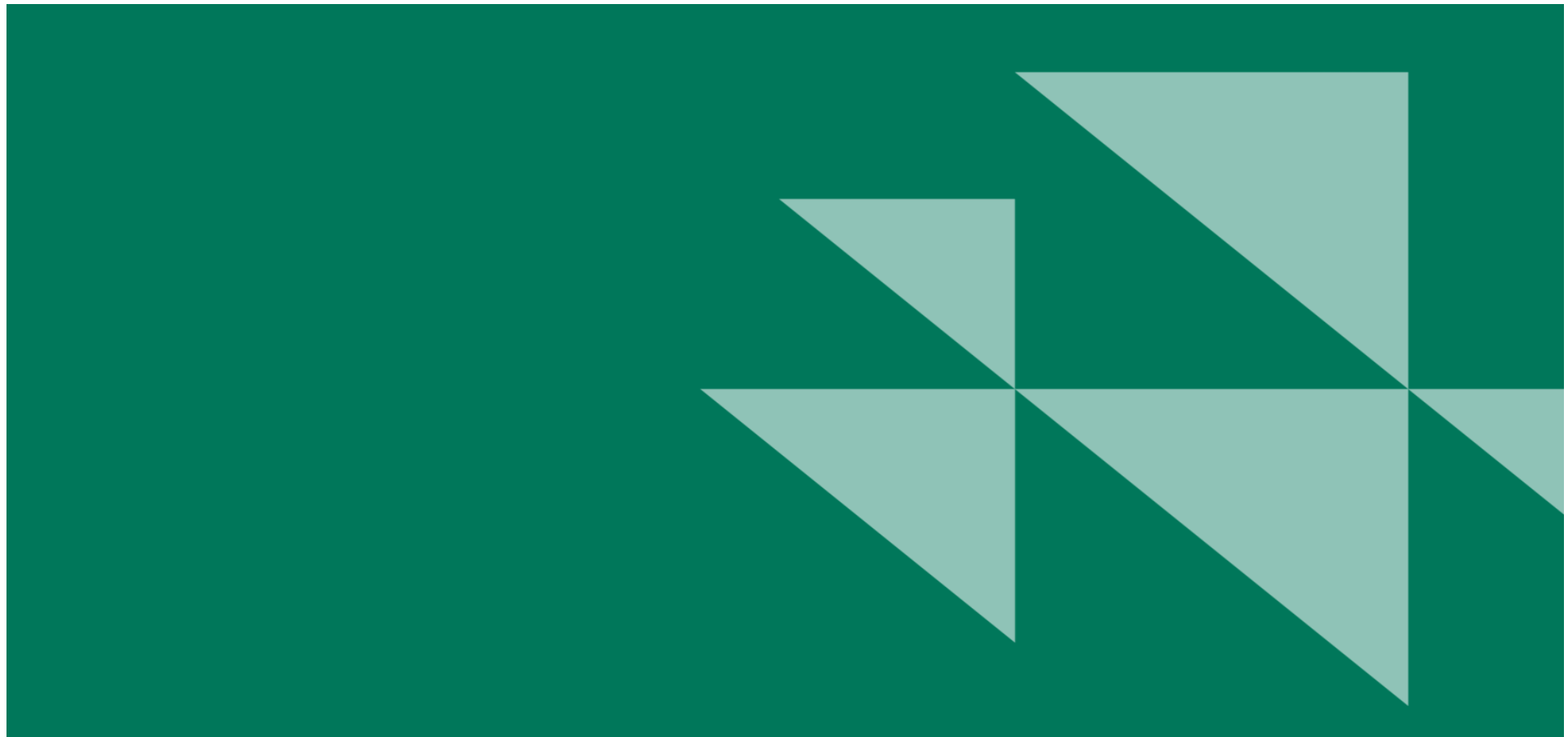


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## CDP Forests 2023 Questionnaire

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# F0 Introduction

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## Introduction

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### **(F0.1) Give a general description of and introduction to your organization.**

“Health for all, hunger for none” – putting an end to hunger and helping everyone lead a healthy life, while at the same protecting ecosystems. That’s what we aspire to achieve, guided by our corporate purpose “Science for a better life.” The major issues of our time can only be addressed if we work together. Our campaigns #voranbringen in Germany and “This is why we science” in the United States underscore our approach. We are a life science company and a global leader in health care 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 endeavor, the responsible use of natural resources is always a top priority.

We aim to enhance our company’s earning power and create value for customers, patients, shareholders, employees and society. Growth and sustainability are integral parts of our strategy, guided by our corporate values of Leadership, Integrity, Flexibility and Efficiency, or LIFE for short.

This culture ensures a common identity throughout the Bayer Group.

The management structure of the Bayer Group comprises three divisions – Pharmaceuticals, Consumer Health and Crop Science – which are also our reporting segments. Our divisions together with our enabling functions represent all units and functions across the organization. We operate sites around the world, and some are used by multiple segments. As of December 31, 2022, the Bayer Group comprised 354 consolidated companies in 83 countries.

We are reporting according to the financial control approach to provide an accurate picture of Bayer’s life science businesses.

Within our area of influence, including working with our farmer customers and within our supply chain, we seek to address the drivers of ecosystem conversion, deforestation and forest degradation. We want to make a significant contribution not only to protecting existing forests, but also helping to restore lost forest land. We also participate in coalitions across and beyond the value chain with the objective to achieve zero net deforestation.

In the areas of palm oil and soy derivative purchases, we support the certified sustainable production of these raw materials as a purchaser of plant oil derivatives, which is especially important in Southeast Asia and South America. We are member of the renowned organizations “Roundtable on Sustainable Palm Oil” (RSPO) and “Round Table on Responsible Soy” (RTRS). For palm oil we have decided to move towards a Mass Balance Supply Chain certification and for soy we purchase so called “credits”. The enhanced certification and financial value rewards farmers who undertake to grow palm oil and soy in a legal and ecologically, socially and economically sustainable way. Crop Science cooperates with the RTRS to provide mutual support in the certification of Brazilian soybean producers according to high ecological, social and economic criteria. With our new PRO Carbono Commodities program, we enable soy farmers to provide deforestation free, conversion free and low carbon soy to the market.

At the same time, Bayer’s leadership in agriculture provides tailored solutions for farmers to plant, grow and protect their harvests using less land, water and energy. We are driving regenerative agriculture and therefore, within our influence, promote sustainable agriculture practices.

**Forward-Looking Statements**

This report may contain forward-looking statements based on current assumptions and forecasts made by Bayer management. Various known and unknown risks, uncertainties and other factors could lead to material differences between the actual future results, financial situation, development or performance of the company and the estimates given here. These factors include those discussed in Bayer’s public reports which are available on the Bayer website at [www.bayer.com](http://www.bayer.com). The company assumes no liability to update these forward-looking statements or to conform them to future events or developments.

**(F0.2) State the start and end date of the year for which you are reporting data.**

1	2
Start date	End date
January 1, 2022	December 31, 2022

**(F0.3) Select the currency used for all financial information disclosed throughout your response.**

1
Currency
<ul style="list-style-type: none"> <li>• EUR</li> </ul>

**(F0.4) Select the forest risk commodities that you are, or are not, disclosing on (including any that are sources for your processed ingredients or manufactured goods); and for each select the stages of the supply chain that best represent your organization’s area of operation.**

0	1	2	3	4
Forest risk commodity	Commodity disclosure	Stage of the supply chain	Are you disclosing information on embedded commodities?	Explanation if not disclosing
Timber products	<ul style="list-style-type: none"> <li>• Not disclosing</li> </ul>	<ul style="list-style-type: none"> <li>• Manufacturing</li> </ul>	<ul style="list-style-type: none"> <li>• N/A</li> </ul>	<p>Within Bayer-products no timber related materials are used for manufacturing. However, we buy packaging material for our end products. Paper related packaging is approximately 1% of our procurement spend and therefore classified as not material for our business. We have set up projects to enhance our sustainable packaging activities, paper packaging is part of these activities. Our entire supplier landscape is part of a risk-based sustainability evaluation process. As part of this</p>

				<p>sustainability process also the most relevant packaging suppliers are evaluated along their sustainability performance through an EcoVadis-assessment, TFS- or PSCI-audit. These evaluations include also forest related checks. Additionally, we set out ambitious standards in our Supplier Code of Conduct, e.g., request voluntary certification schemes and adherence to standards like the Forest Stewardship Council (FSC).</p> <p>Due to the regulated environment (e.g., GMP requirements in Pharmaceuticals and Consumer Health) our influence and ability to change packaging is limited. Despite the lack of significance and regulations, we work on improving the sustainability features of our packages like increasing the use of certified packaging material, e.g., FSC.</p>
Palm oil*	<ul style="list-style-type: none"> <li>• Disclosing</li> </ul>	<ul style="list-style-type: none"> <li>• Manufacturing</li> </ul>	<ul style="list-style-type: none"> <li>• No, because we have no embedded commodities</li> </ul>	N/A
Cattle products*	<ul style="list-style-type: none"> <li>• This commodity is not produced, sourced or used by our organization</li> </ul>	<ul style="list-style-type: none"> <li>• N/A</li> </ul>	<ul style="list-style-type: none"> <li>• N/A</li> </ul>	N/A
Soy*	<ul style="list-style-type: none"> <li>• Disclosing</li> </ul>	<ul style="list-style-type: none"> <li>• Manufacturing</li> </ul>	<ul style="list-style-type: none"> <li>• No, because we have no embedded commodities</li> </ul>	N/A
Other – Rubber	<ul style="list-style-type: none"> <li>• This commodity is not produced, sourced or used by our organization</li> </ul>	<ul style="list-style-type: none"> <li>• N/A</li> </ul>	<ul style="list-style-type: none"> <li>• N/A</li> </ul>	N/A
Other – Cocoa*	<ul style="list-style-type: none"> <li>• This commodity is not produced, sourced or used by our organization</li> </ul>	<ul style="list-style-type: none"> <li>• N/A</li> </ul>	<ul style="list-style-type: none"> <li>• N/A</li> </ul>	N/A
Other – Coffee*	<ul style="list-style-type: none"> <li>• This commodity is not produced, sourced or used by our organization</li> </ul>	<ul style="list-style-type: none"> <li>• N/A</li> </ul>	<ul style="list-style-type: none"> <li>• N/A</li> </ul>	N/A

\* Not shown for companies from the paper & forestry sector

**(F0.5) Select the option that describes the reporting boundary for which forests-related impacts on your business are being reported.**

- Financial control

**(F0.6) Select the countries/areas in which you operate.**

1
<b>Country/Area</b>
Dominican Rep., France, Saudi Arabia, Unit.Arab Emir., Argentina, Austria, Australia, Bangladesh, Belgium, Burkina Faso, Bulgaria, Bermuda, Bolivia, Brazil, Canada, Switzerland, Cote d'Ivoire, Chile, China, Colombia, Costa Rica, Curacao, Cyprus, Czech Republic, Germany, Denmark, Algeria, Ecuador, Egypt, Spain, Finland, United Kingdom, Greece, Guatemala, Hong Kong, Honduras, Croatia, Hungary, Indonesia, Ireland, Israel, India, Italy, Japan, Kenya, Republic Korea, Kasachstan, Lithuania, Luxembourg, Morocco, Malawi, Mexico, Malaysia, Nicaragua, Netherlands, Norway, New Zealand, Panama, Peru, Philippines, Pakistan, Poland, Puerto Rico, Portugal, Paraguay, Romania, Serbia, Russian Fed., Sweden, Singapore, Slovenia, Slovakia, El Salvador, Thailand, Turkey, Taiwan, Ukraine, United States, Uruguay, Brit.Virgin Is., Vietnam, South Africa, Zambia

**(F0.7) Are there any parts of your direct operations or supply chain that are not included in your disclosure?**

- No

**(F0.8) Does your organization have an ISIN code or another unique identifier (e.g., Ticker, CUSIP, etc.?)**

1	2
<b>Indicate whether you are able to provide a unique identifier for your organization</b>	<b>Provide your unique identifier*</b>
<ul style="list-style-type: none"> <li>• Yes, an ISIN code</li> </ul>	DE000BAY0017

[Add row]

(\*column/row appearance is dependent on selections in this or other questions)

# F1 Current state

## Dependence

### (F1.1) How does your organization produce, use or sell your disclosed commodity(ies)?

0	1	2	3	4	5	6
Forest risk commodity	Activity	Form of commodity	Source	Country/Area of origin	% of procurement spend	Comment
Palm oil	<ul style="list-style-type: none"> <li>Using as input into product manufacturing</li> </ul>	<ul style="list-style-type: none"> <li>Palm kernel oil derivatives</li> </ul>	<ul style="list-style-type: none"> <li>Contracted suppliers (manufacturers)</li> </ul>	<ul style="list-style-type: none"> <li>Indonesia</li> <li>Malaysia</li> <li>Unknown origin</li> </ul>	<ul style="list-style-type: none"> <li>&lt;1%</li> </ul>	<p>We use PALM KERNEL OIL DERIVATIVES in a very small number (&lt;1%) of our products.</p> <p>Bayer is not sourcing palm (kernel) oil directly, but its derivatives produced out of the oil (at the end of a highly complex supply chain, many tier levels, high number of raw materials, many processing sites). We are member of the renowned organization "Roundtable on Sustainable Palm Oil" (RSPO) and in 2017, we committed to the book &amp; claim supply chain model to be able to have a better control over our activities and to support smallholder farmers directly.</p> <p>2021 was a transition year for Bayer, we have reviewed our activities, revised our strategy, and included the Accountability Framework as a fundamental tool for further developments. We have decided to move from the credit system towards the RSPO Supply Chain Certification, primarily the RSPO Mass Balance Certification. In 2022, we were continuing and enhancing our RSPO MASS BALANCE CERTIFICATION and our engagement to ensure the production of sustainable palm oil that is needed to generate our purchased volumes of palm oil derivatives.</p> <p>Moreover, we are continuing our supplier interactions and increase our volumes of Mass Balance Certification. Nevertheless, we are facing various difficulties along the way due to the highly complex supply chains.</p>
Soy	<ul style="list-style-type: none"> <li>Using as input into product manufacturing</li> </ul>	<ul style="list-style-type: none"> <li>Soy derivatives</li> </ul>	<ul style="list-style-type: none"> <li>Contracted suppliers (manufacturers)</li> </ul>	<ul style="list-style-type: none"> <li>Brazil</li> <li>Unknown origin</li> </ul>	<ul style="list-style-type: none"> <li>&lt;1%</li> </ul>	<p>We use SOY DERIVATIVES in a very small number (&lt;1%) of our products. Bayer is not sourcing soy directly, but its derivatives produced out of the oil (at the end of a highly complex supply chain: many tier levels, high number of raw materials, many processing sites). Thus, since 2017 we committed to the book &amp; claim supply chain model to be able to have a better control over our activities and to support smallholder farmers directly. We are member of the renowned organization "Roundtable on Sustainable Soy" (RTRS) and purchase so-called "credits" according</p>

					<p>to the quantities we use. The financial value of these credits rewards farmers who undertake to grow soy in a legal and ecologically, socially and economically sustainable way and who demonstrate this as part of an audited certification process. We want to ensure the production of sustainable soy in the amount that is needed to generate the volumes of soy derivatives that we purchase (thus covering 100% of our purchase volume of soy-based raw materials).</p> <p>2021 was a transition year for Bayer since we have reviewed our activities, revised our strategy, and included the Accountability Framework as a fundamental tool for further developments. Consequently, we will also shape our soy activities. During the reporting year, we have been evaluating further possibilities within our sustainable purchases of soy derivatives and will continuously building up our activities in the next years.</p> <p>Nevertheless, we are facing various difficulties along the way due to the highly complex supply chains. However, we assume that most of soy in our supply chain origins from Brazil. This is WHY Bayer is taking the lead to increase SUSTAINABLE SOY FEEDSTOCK with its PRO Carbono Commodities program in Brazil. This initiative is part of our global Forest Protection initiative which aims to increase our positive impact on the agricultural value chain and taking a leading role in forests and biomes protection. With our PRO Carbono Commodities program, we intend to create new business models by engaging farmers willing to make the commitment to preserve native vegetation and invest in low-carbon agriculture. Within this new program, we enable measuring and tracking the carbon footprint on a pilot crop of deforestation-free soybean with transparency and traceability of information to validate this innovative product within the chain.</p>
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**(F1.2) Indicate the percentage of your organization’s revenue that was dependent on your disclosed forest risk commodity(ies) in the reporting year.**

0	1	2
Forest risk commodity	% of revenue dependent on commodity	Comment
Palm oil	<ul style="list-style-type: none"> <li>1-5%</li> </ul>	We use palm oil derivatives in a very small number of our products. To calculate this figure, we determined that palm oil derivatives are found in 11 of our brands. In the financial year 2022, our revenue from these products represented approximately 3% of our company's total revenue.
Soy	<ul style="list-style-type: none"> <li>1-5%</li> </ul>	We use soy derivatives in a very small number of our products. To calculate this figure, we determined that soy derivatives are found in 21 of our brands. In the financial year 2022, our revenue from these products represented approximately 4% of our company's total revenue.

**Measurement**

**(F1.5) Does your organization collect production and/or consumption data for your disclosed commodity(ies)?**

0	1
<b>Forest risk commodity</b>	<b>Data availability/Disclosure</b>
Palm oil	<ul style="list-style-type: none"> <li>Consumption data available, disclosing</li> </ul>
Soy	<ul style="list-style-type: none"> <li>Consumption data available, disclosing</li> </ul>

**(F1.5a) Disclose your production and/or consumption figure, and the percentage of commodity volumes verified as deforestation- and/or conversion-free.**

1	2	3	4	5	6	7	8
<b>Forest risk commodity</b>	<b>Data type</b>	<b>Commodity production/ consumption volume</b>	<b>Metric for commodity production/ consumption volume</b>	<b>Data coverage</b>	<b>Have any of your reported commodity volumes been verified as deforestation- and/or conversion-free?</b>	<b>% of reported volume verified as deforestation- and/or conversion-free</b>	<b>Please explain</b>
Palm oil	<ul style="list-style-type: none"> <li>Consumption data</li> </ul>	15,768	<ul style="list-style-type: none"> <li>Metric tons</li> </ul>	<ul style="list-style-type: none"> <li>Full commodity production/ consumption</li> </ul>	<ul style="list-style-type: none"> <li>No, but we are planning to verify volumes as deforestation- and/or conversion-free in the next two years</li> </ul>	0%	<p>We assume that the PALM OIL DERIVATIVES, which we are purchasing from big global companies, are free of deforestation or conversion. We expect, and we reviewed that our suppliers have set themselves a framework and internal policies, additionally they comply with our Supplier Code of Conduct rules. In 2022, 75% of the consumption volume is coming from suppliers which are RSPO certified. Most of the remaining volumes are from very small distributors without individual verification but mainly selling products from the certified companies. Therefore, our purchases should be largely deforestation and conversion free. In case we receive information and indication of non-compliance, we are following up with suppliers.</p> <p>As a purchaser of derivatives, we are in some cases only number five or eight within the processing chain. Therefore, transparency is limited. At this point in time, we cannot verify if our supplier complies to their and our policies fully. This is WHY we report that 0% of reported volume has been verified as DCF. We are continuously improving our processes and aiming for increased transparency and traceability. The move towards RSPO Mass Balance for palm oil derivatives is one step on this path.</p>
Soy	<ul style="list-style-type: none"> <li>Consumption data</li> </ul>	11,930	<ul style="list-style-type: none"> <li>Metric tons</li> </ul>	<ul style="list-style-type: none"> <li>Full commodity production/</li> </ul>	<ul style="list-style-type: none"> <li>No, but we are planning to verify volumes as</li> </ul>	0%	<p>We assume that the SOY DERIVATIVES, which we are purchasing from big global companies, are free of deforestation or conversion. We expect, and we reviewed that our suppliers have set themselves a framework and internal</p>



				consumption	deforestation-and/or conversion-free in the next two years	<p>policies, additionally they comply with our Supplier Code of Conduct rules. In 2022, 76 % of the consumption volume is coming from suppliers who are RTRS certified. Most of the remaining volumes are from very small distributors without individual verification but mainly selling products from the certified companies. Therefore, our purchases should be largely deforestation and conversion free. In case we receive information and indication of non-compliance, we are following up with suppliers. As a purchaser of derivatives, we are in some cases only number five or eight within the processing chain. Therefore, transparency is limited. At this point in time, we cannot verify if our supplier complies to their and our policies fully. This is WHY we report that 0% of reported volume has been verified as DCF.</p> <p>We are continuously improving our processes and aiming for increased transparency and traceability. This is WHY Bayer is taking the lead to increase SUSTAINABLE SOY FEEDSTOCK with the PRO Carbono Commodity program. This project is being launched first in Brazil. In the reporting year, 240,000 t of soy was produced free of deforestation (DCF – Deforestation and Conversion FREE Soy) and is traceable in Brazil. The volume was produced by Bom Futuro Agrícola and was delivered to ADM, a global company managing and processing the agricultural supply chain, which will oversee the transportation phase until the grain is delivered to the storage unit. This marks the journey and is part of the first harvest of PRO Carbono Commodities, which involves the soybean production of 10 Brazilian growers located at the Cerrado and Amazon biomes, in a total area of 159,000 hectares. The initiative brings the guarantee that production was carried out in a deforestation-free area, which covers 90,000 hectares of natural vegetation, considering the legal reserve and forest surplus. As a requirement for joining the initiative, the growers must not have converted areas of natural vegetation to agricultural fields in the last 10 years, even if legally authorized, a practice aligned with international carbon certification standards. In addition, by taking part in the program, they undertake a commitment to preserve the surplus of natural vegetation on their properties.</p>
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[Add Row]

**(F1.5c)** For your disclosed commodity(ies), indicate the percentage of the production/consumption volume sourced by national and/or sub-national jurisdiction of origin.

1	2	3	4	5
Forest risk commodity	Country/Area of origin	State or equivalent jurisdiction	% of total production/consumption volume	Please explain

Palm oil	<ul style="list-style-type: none"> <li>Indonesia</li> </ul>	<ul style="list-style-type: none"> <li>Don't know</li> </ul>	12	<p>Bayer is not sourcing palm (kernel) oil directly, but its derivatives produced out of the oil (at the end of a highly complex supply chain). As such, we are facing a very complex and fragmented supply chain with limited transparency (many tier levels, high number of raw materials, many processing sites).</p> <p>2021 was a transition year and we moved towards the RSPO Mass Balance Certification. This will lead to a more sustainable value chain in the future. In 2022, we have continued this pathway and expanding our activities, still challenges remain.</p> <p><b>METHOD USED TO MEASURE % OF TOTAL CONSUMPTION VOLUME:</b>  We have reached out to all suppliers who potentially supply us with plant-based oils, to receive a confirmation that the supplier delivers us palm oil or palm oil ingredients. Additionally, we request from the supplier further information about certification, conversion factor, sourcing location and policies. We created a database with all relevant information. Based on this information, we have an overview of the sourcing origin. We have and continue to negotiate new contracts with suppliers who can offer Mass Balance certified palm oil derivatives. We are on a quarterly process to review our inbound materials and follow up on other topics.</p> <p>We are continuously working to increase the transparency and traceability into the value chain. We have made substantial progress with our supplier engagement, this is how we were able to understand country level. At this point in time, we were not able to gain further information from our supplier on the state or jurisdictional origin. Our aim for the next years is to intensify this exchange and to increase transparency as well as traceability.</p>
Palm oil	<ul style="list-style-type: none"> <li>Malaysia</li> </ul>	<ul style="list-style-type: none"> <li>Don't know</li> </ul>	11	<p>Bayer is not sourcing palm (kernel) oil directly, but its derivatives produced out of the oil (at the end of a highly complex supply chain). As such, we are facing a very complex and fragmented supply chain with limited transparency (many tier levels, high number of raw materials, many processing sites).</p> <p>2021 was a transition year and we moved towards the RSPO Mass Balance Certification. This will lead to a more sustainable value chain in the future. In 2022, we have continued this pathway and expanding our activities, still challenges remain.</p> <p><b>METHOD USED TO MEASURE % OF TOTAL CONSUMPTION VOLUME:</b>  We have reached out to all suppliers who potentially supply us with plant-based oils, to receive a confirmation that the supplier delivers us palm oil or palm oil ingredients. Additionally, we request from the supplier further information about certification, conversion factor, sourcing location and policies. We created a database with all relevant information. Based on this information we have an overview of the sourcing origin. We have and continue to negotiate new contracts with suppliers who can offer Mass Balance certified palm oil derivatives. We are on a quarterly process to review our inbound materials and follow up on other topics.</p> <p>We are continuously working to increase the transparency and traceability into the value chain. We have made substantial progress with our supplier engagement, this is how we were able to understand the country level. At this point in time, we were not able to gain further information from our supplier on the state or jurisdictional origin. Our aim for the next years is to intensify this exchange and to increase transparency as well as traceability.</p>
Palm oil	<ul style="list-style-type: none"> <li>Unknown origin</li> </ul>	<ul style="list-style-type: none"> <li>N/A</li> </ul>	77	<p>Bayer is not sourcing palm (kernel) oil directly, but its derivatives produced out of the oil (at the end of a highly complex supply chain). As such, we are facing a very complex and fragmented supply chain with limited transparency (many tier levels, high number of raw materials, many processing sites).</p>

				<p>2021 was a transition year and we moved towards the RSPO Mass Balance Certification. This will lead to a more sustainable value chain in the future. In 2022, we have continued this pathway and expanding our activities, still challenges remain.</p> <p>METHOD USED TO MEASURE % OF TOTAL CONSUMPTION VOLUME:  We have reached out to all suppliers who potentially supply us with plant-based oils, to receive a confirmation that the supplier delivers us palm oil or palm oil ingredients. Additionally, we request from the supplier further information about certification, conversion factor, sourcing location and policies. We created a database with all relevant information. Based on this information we have an overview of the sourcing origin. We have and continue to negotiate new contracts with suppliers who can offer Mass Balance certified palm oil derivatives. We are on a quarterly process to review our inbound materials and follow up on other topics.</p> <p>We are continuously working to increase the transparency and traceability into the value chain. We have made substantial progress with our supplier engagement, this is how we were able to understand the country level. At this point in time, we were not able to gain further information from our supplier on the state or jurisdictional origin. Our aim for the next years is to intensify this exchange and to increase transparency as well as traceability.</p>
Soy	<ul style="list-style-type: none"> <li>• Brazil</li> </ul>	<ul style="list-style-type: none"> <li>• Don't know</li> </ul>	76	<p>We use soy derivatives in a very small number of our products (at the end of a highly complex supply chain). As such, we are facing a very complex and fragmented supply chain with limited transparency (many tier levels, high number of raw materials, many processing sites). In the areas of soy, we support the certified sustainable production of these raw materials as a purchaser of plant oil derivatives, which is especially important in South America. We are member of the renowned organization "Round Table on Responsible Soy" (RTRS) and purchase so-called "credits" according to the quantities we use. The financial value of these credits rewards farmers who undertake to grow soy in a legal and ecologically, socially and economically sustainable way and who demonstrate this as part of an audited certification process.</p> <p>To identify and assess future handling of sustainable soy derivatives, we have started a project similar to the one for palm oil. Nevertheless, it needs to be recognized that the transparency for derivatives is less for soy compared to palm oil. Bayer is actively engaged in the RTRS community to increase transparency. On the local level, we have started projects to support certification of sustainable soy production. First results of our enhanced soy activities are improved supplier interactions and increasing understanding of our footprint. Based on this, we assume that at least 76% of the soy derivative is coming from Brazil.</p> <p>This is WHY Bayer is taking the lead to increase SUSTAINABLE SOY FEEDSTOCK with the PRO Carbono Commodity program in Brazil. In the reporting year, 240,000 t of soy was produced free of deforestation (DCF – Deforestation and Conversion FREE Soy) and is traceable in Brazil. The volume was produced by Bom Futuro Agrícola and was delivered to ADM, a global company managing and processing the agricultural supply chain, which will oversee the transportation phase until the grain is delivered to the storage unit. The initiative brings the guarantee that production was carried out in a deforestation-free area, which covers 90,000 hectares of natural vegetation, considering the legal reserve and forest surplus.</p>
Soy	<ul style="list-style-type: none"> <li>• Unkonwn origin</li> </ul>	<ul style="list-style-type: none"> <li>• N/A</li> </ul>	24	<p>We use soy derivatives in a very small number of our products (at the end of a highly complex supply chain). As such, we are facing a very complex and fragmented supply chain with limited transparency (many tier levels, high number of raw materials, many processing sites). In the areas of soy, we support the certified sustainable production of these raw materials as a purchaser of plant oil derivatives, which is especially important in South</p>

				<p>America. We are member of the renowned organization “Round Table on Responsible Soy” (RTRS) and purchase so-called “credits” according to the quantities we use. The financial value of these credits rewards farmers who undertake to grow soy in a legal and ecologically, socially and economically sustainable way and who demonstrate this as part of an audited certification process.</p> <p>To identify and assess future handling of sustainable soy derivatives, we have started a project similar to the one for palm oil. Nevertheless, it needs to be recognized that the transparency for derivatives is less for soy compared to palm oil. Bayer is actively engaged in the RTRS community to increase transparency. On the local level, we have started projects to support certification of sustainable soy production. First results of our enhanced soy activities are improved supplier interactions and increasing understanding of our footprint. Challenges remain to gain a better understanding and better data from our suppliers. Up to this point, 24% of our consumption volumes remain of unknown origin.</p> <p>This is WHY Bayer is taking the lead to increase <b>SUSTAINABLE SOY FEEDSTOCK</b> with the <b>PRO Carbono program</b> in Brazil. In the reporting year, 240,000 t of soy was produced free of deforestation (DCF – Deforestation and Conversion FREE Soy) and is traceable in Brazil. The volume was produced by Bom Futuro Agrícola and was delivered to ADM, a global company managing and processing the agricultural supply chain, which will oversee the transportation phase until the grain is delivered to the storage unit. The initiative brings the guarantee that production was carried out in a deforestation-free area, which covers 90,000 hectares of natural vegetation, considering the legal reserve and forest surplus.</p>
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[Add Row]

### (F1.5f) How does your organisation produce or consume biofuel derived from palm oil?

1	2	3	4	5
Does your organization produce or consume biofuel derived from palm oil?	Data type	Volume produced/consumed	Metric	Country/Area of origin
• No	N/A	N/A	N/A	N/A
6	7	8	9	
State or equivalent jurisdiction	% of total production/consumption volume	Does the source of your organization's biofuel material come from smallholders?	Comment	
N/A	N/A	N/A	N/A	

[Add Row]

## Detrimental impacts on your business

**(F1.6) Has your organization experienced any detrimental forests-related impacts?**

- No

**(F1.7) Indicate whether you have assessed the deforestation or conversion footprint for your disclosed commodities over the past 5 years, or since a specified cutoff date, and provide details.**

1	2	3	4	5	6
Forest risk commodity	Have you monitored or estimated your deforestation/conversion footprint?	Coverage*	Reporting deforestation/conversion since a specified cutoff date or during the last five years?*	Known or estimated deforestation/conversion footprint (hectares)*	Describe methods and data sources used to monitor or estimate deforestation/conversion footprint*
Palm oil	<ul style="list-style-type: none"> <li>• Yes, we estimate deforestation/conversion footprint based on sourcing area</li> </ul>	<ul style="list-style-type: none"> <li>• Full consumption volume</li> </ul>	<ul style="list-style-type: none"> <li>• Other, please specify: Piloting the Science Based Target Network (SBTN) land use approach with our information from 2022.</li> </ul>	23.8	<p>We have been piloting the Science Based Target Network (SBTN) land use approach with our consumption data from 2022. We have joined the SBTN to reduce our ecological footprint and further develop methodologies. We currently face three challenges for our PALM OIL DERIVATIVES</p> <p>a) we lack commodity specific data on sourcing locations,                      b) methodologies need to be enhanced and                      c) interpretation of results.</p> <p>The SBTN uses the metric: Reduction in native vegetation cover (forest) is the annualized total tree cover area loss over the period 2001-2018 retrieved from Hansen et al. 2013. "Tree cover" is defined as all vegetation taller than 5 m in height and includes both natural forests and plantation forests. Because this layer includes other drivers than crop and forestry expansion only those pixels where the main driver was "commodity-driven deforestation" or "shifting agriculture" for crops and "forestry" for roundwood were extracted based on Curtis et al. 2019. The approach does not account for sustainability and certification.</p> <p>We require all suppliers to follow our zero net deforestation approach, therefore our actual footprint should be much lower.</p> <p>We estimate our deforestation/conversion footprint EACH YEAR.</p>
Soy	<ul style="list-style-type: none"> <li>• Yes, we estimate deforestation/conversion footprint based on sourcing area</li> </ul>	<ul style="list-style-type: none"> <li>• Full consumption volume</li> </ul>	<ul style="list-style-type: none"> <li>• Other, please specify: Piloting the Science Based Target Network (SBTN) land use approach with our information from 2022.</li> </ul>	16	<p>We have been piloting the Science Based Target Network (SBTN) land use approach with our consumption data from 2022. We have joined the SBTN to reduce our ecological footprint and further develop methodologies. We currently face three challenges for our SOY DERIVATIVES</p> <p>a) we lack commodity specific data on sourcing locations,                      b) methodologies need to be enhanced and                      c) interpretation of results.</p> <p>The SBTN uses the metric: Reduction in native vegetation cover (forest) is the annualized total tree cover area loss over the period 2001-2018 retrieved from Hansen et al. 2013. "Tree cover" is defined as all vegetation taller than 5 m in height and includes both natural</p>

				<p>forests and plantation forests. Because this layer includes other drivers than crop and forestry expansion only those pixels where the main driver was “commodity-driven deforestation” or “shifting agriculture” for crops and “forestry” for roundwood were extracted based on Curtis et al. 2019. The approach does not account for sustainability and certification.</p> <p>We require all suppliers to follow our zero net deforestation approach, therefore our actual footprint should be much lower.</p> <p>Based on our improved supplier interactions and increasing understanding of our footprint, we assume that at least 76% of the soy derivative is coming from Brazil. This is WHY Bayer is taking the lead to increase <b>SUSTAINABLE SOY FEEDSTOCK</b> with the PRO Carbono program in Brazil. In the reporting year, 240,000 t of soy was produced free of deforestation (DCF – Deforestation and Conversion FREE Soy). The volume was produced by Bom Futuro Agrícola and was delivered to ADM, a global company managing and processing the agricultural supply chain, which will oversee the transportation phase until the grain is delivered to the storage unit. The project assesses the carbon footprint during the entire agricultural phase, from pre-planting to harvesting, and continues through the transportation phase until the delivery of the grain, with information transparency and traceability in order to validate this innovative product within the chain. The initiative brings the guarantee that production was carried out in a deforestation-free area, which covers 90,000 hectares of natural vegetation, considering the legal reserve and forest surplus.</p> <p>We estimate our deforestation/conversion footprint EACH YEAR.</p>
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## F2 Procedures

### Risk identification and assessment

#### (F2.1) Does your organization undertake a forests-related risk assessment?

- Yes, forests-related risks are assessed

#### (F2.1a) Select the options that best describe your procedures for identifying and assessing forests-related risks.

1		2		3		4		5	
Forest risk commodity		Value chain stage		Coverage*		Risk assessment procedure*		Frequency of assessment*	
Palm oil		<ul style="list-style-type: none"> <li>• Direct operations</li> <li>• Supply chain</li> </ul>		<ul style="list-style-type: none"> <li>• Full</li> </ul>		<ul style="list-style-type: none"> <li>• Assessed as part of an established enterprise risk management framework</li> </ul>		<ul style="list-style-type: none"> <li>• More than once a year</li> </ul>	
Soy		<ul style="list-style-type: none"> <li>• Direct operations</li> <li>• Supply chain</li> </ul>		<ul style="list-style-type: none"> <li>• Full</li> </ul>		<ul style="list-style-type: none"> <li>• Assessed as part of an established enterprise risk management framework</li> </ul>		<ul style="list-style-type: none"> <li>• More than once a year</li> </ul>	
6		7		8		9		10	
How far into the future are risks considered?*		Tools and methods used*		Issues considered*		Stakeholders considered*		Please explain*	
<ul style="list-style-type: none"> <li>• &gt; 6 years</li> </ul>		<ul style="list-style-type: none"> <li>• Internal company methods</li> <li>• Other, please specify:                             <ol style="list-style-type: none"> <li>a) benchmarking and interaction</li> </ol> </li> </ul>		<ul style="list-style-type: none"> <li>• Availability of forest risk commodities</li> <li>• Quality of forests risk commodities</li> <li>• Impact of activity on the status of ecosystems and habitats</li> <li>• Regulation</li> <li>• Climate change</li> </ul>		<ul style="list-style-type: none"> <li>• Customers</li> <li>• Employees</li> <li>• Investors</li> <li>• Local communities</li> <li>• NGOs</li> <li>• Other forest risk commodity</li> </ul>		DESCRIPTION OF TOOLS: i) Bayer has implemented a holistic and INTEGRATED Enterprise RISK MANAGEMENT SYSTEM (ERM) designed to ensure the continued existence and future target attainment of the Group through the early identification, assessment, and treatment of risks. All relevant risks worldwide, incl. FOREST-related risks, are recorded and monitored at an early stage. The risk owners in the operational divisions and functions CONTINUOUSLY monitor the development of risks and consider a wide range of resources including benchmarking and interactions with peers as well as industry initiatives and focus organizations. The risk portfolio, incl. FOREST-related risks, is reviewed REGULARLY by the Bayer Assurance Committee.	

	with peer companies; b) external reports and assessments	<ul style="list-style-type: none"> <li>• Impact on water security</li> <li>• Tariffs or price increases</li> <li>• Loss of markets</li> <li>• Leakage markets</li> <li>• Brand damage related to forests risk commodities</li> <li>• Corruption</li> <li>• Social impacts</li> <li>• Other, please specify: Value chain, production methods, certification schemes</li> </ul>	users/producers at a local level <ul style="list-style-type: none"> <li>• Regulators</li> <li>• Suppliers</li> </ul>	<p>ii) Our SUSTAINABILITY POLICIES (e.g. deforestation policy and Supplier Code of Conduct) initiate a risk assessment and define mitigation actions. This tool was included to ensure minimum standards in all activities and awareness of all stakeholders. As a consequence of these activities, suppliers develop new solutions together with our experts.</p> <p>iii) For each relevant new PRODUCT DEVELOPMENT and INVESTMENT PROJECT, experts REVIEW all activities to further identify the corresponding risks and validate adherence to regulations and internal policies. This sustainability check was included to set the priorities at the start of each business activity.</p> <p>iv) We are actively MONITORING REGULATORY CHANGES and work towards sustainable value chains together with internal cross functional teams and external suppliers.</p> <p><b>MOST SIGNIFICANT ISSUES:</b></p> <p><b>Regulation</b> We support regulatory improvements and have set up a cross-functional team to address new requirements for example from the EU-No-Deforestation Policy. We are evaluating what requirements and actions can be implemented in our value chain.</p> <p><b>Quality and availability of forests risk commodities:</b> Palm oil derivatives can be hard to be replaced with regards to our products and THUS some of them are considered essential. In particular, the availability of certified palm oil is limited. Tool: Internal company methods. Risk owner: Industrial marketing and sourcing managers CONTINUOUSLY monitor market developments and indicate upcoming risks. This assessment is done across the value chain. We have established quality teams on all levels and sites across the company.</p>
<ul style="list-style-type: none"> <li>• &gt; 6 years</li> </ul>	<ul style="list-style-type: none"> <li>• Internal company methods</li> <li>• Other, please specify: a) benchmarking and Interaction with peer companies; b) external reports and assessments</li> </ul>	<ul style="list-style-type: none"> <li>• Availability of forest risk commodities</li> <li>• Quality of forests risk commodities</li> <li>• Impact of activity on the status of ecosystems and habitats</li> <li>• Regulation</li> <li>• Climate change</li> <li>• Impact on water security</li> <li>• Tariffs or price increases</li> <li>• Loss of markets</li> <li>• Leakage markets</li> <li>• Brand damage related to forests risk commodities</li> <li>• Corruption</li> <li>• Social impacts</li> <li>• Other, please specify: Increase of sustainable soy feedstock</li> </ul>	<ul style="list-style-type: none"> <li>• Customers</li> <li>• Employees</li> <li>• Investors</li> <li>• Local communities</li> <li>• NGOs</li> <li>• Other forest risk commodity users/producers at a local level</li> <li>• Regulators</li> <li>• Suppliers</li> </ul>	<p><b>DESCRIPTION OF TOOLS:</b></p> <p>i) Bayer has implemented a holistic and INTEGRATED Enterprise RISK MANAGEMENT SYSTEM (ERM) designed to ensure the continued existence and future target attainment of the Group through the early identification, assessment and treatment of risks. All relevant risks worldwide, incl. FOREST-related risks, are recorded and monitored at an early stage in our risk management system. The risk owners in the operational divisions and functions CONTINUOUSLY monitor the development of risks and consider a wide range of resources including benchmarking and interactions with peers as well as industry initiatives and focus organizations.</p> <p>ii) Our different SUSTAINABILITY POLICIES (e.g. deforestation policy and Supplier Code of Conduct) initiate a risk assessment and define mitigation actions. This tool was included to ensure minimum standards in all activities and awareness by all stakeholders.</p> <p>iii) Bayer is actively engaging with stakeholders, e.g. conversation, on how to become more sustainable and setting high standards to our own production, stewardship approaches and initiatives for sustainable agriculture.</p> <p>iv) Via Certified Responsible Soy and the RTRS, we have supported certified soy projects to increase the level of sustainable practices through regular contact and incentives with farmers. Activities on the field seem most effective to educate and promote sustainability.</p> <p>v) We are actively MONITORING CURRENT REGULAR CHANGES and work towards sustainable value chains together with internal cross functional teams and external suppliers.</p> <p><b>MOST SIGNIFICANT ISSUES:</b></p>



				<p><b>Regulation</b> We support current regulatory improvements and have set up a cross functional team to address new requirements i.e. from the EU-No-Deforestation Policy. We are closely evaluating what requirements and actions we can implement.</p> <p><b>Quality and availability of forests risk commodities:</b> Soy derivatives can be hard to be replaced and THUS some of them are considered to be essential for our products. Due to the complexity of our supply chain for soy derivatives and related lack of data regarding sourcing areas, we consider the availability of SUSTAINABLE SOY FEEDSTOCK that is traceable along the entire value chain as most significant. This is WHY Bayer has started the PRO Carbono Commodity program in Brazil.</p>
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(\*column/row appearance is dependent on selections in this or other questions)

## Value chain mapping

### (F2.2) For each of your disclosed commodity(ies), has your organization mapped its value chains?

0	1	2	3
Forest risk commodity	Value chain mapping	Primary reason for not mapping your value chain*	Explain why your organization does not map its value chain and outline any plans to introduce it*
Palm oil	<ul style="list-style-type: none"> <li>Yes, we have partially mapped the value chain</li> </ul>	N/A	N/A
Soy	<ul style="list-style-type: none"> <li>Yes, we have partially mapped the value chain</li> </ul>	N/A	N/A

(\*column/row appearance is dependent on selections in this or other questions)

### (F2.2a) Provide details of your organization's value chain mapping for its disclosed commodity(ies).

1	2	3	4	5	6
Forest risk commodity	Scope of value chain mapping	% of total suppliers covered within	Description of mapping process and coverage*	Your own production and primary processing sites: attach a list of	Your suppliers' production and primary processing sites: attach a list of

		selected tier(s)*		facility names and locations (optional)	names and locations (optional)
Palm oil	<ul style="list-style-type: none"> <li>• Own operations</li> <li>• Tier 1 suppliers</li> <li>• Tier 2 suppliers</li> <li>• Tier 3 suppliers</li> <li>• Tier 4+ suppliers</li> <li>• Smallholders</li> </ul>	100	<p>For palm oil derivatives, the value chains are complex. As a purchaser of derivatives, for selected materials, we are tier six, seven or eight within the value chain. Therefore, mapping is highly complex, and transparency is limited. We are continuously improving our processes and aiming for increased transparency and traceability. The move towards RSPO Mass Balance for Palm Oil derivatives is one step on this path.</p> <p><b>TOOLS AND METHODS:</b> Our SUPPLIER CODE OF CONDUCT (SCoC) considers the well-established principles of sustainability incl. FORESTS. The SCoC promotes the application of broadly recognized sustainability standards and certifications. Sustainability issues are evaluated through an annual risk evaluation in procurement for all our Tier 1 suppliers. Identified suppliers (based on country and business category sustainability risks) are validated through an EVIDENCE-BASED ASSESSMENT (EcoVadis) or physical ON-SITE AUDIT (TfS or PSCI). Specifically for palm oil, we addressed all our major suppliers to further understand their current activities and promote sustainable behavior.</p> <p><b>MAPPING PROCESS:</b> As we understand that various suppliers operate with different standards, we have started a project to assess the current activities regarding palm oil derivatives of each Tier 1 supplier. During the last months of 2020 and the first months in 2021 we have reached out to all our 40 palm oil derivatives suppliers to understand their level of certification and other activities. We are continuing our engagement with our suppliers. Once we have an indication that a supplier within the value chain is not complying to our standards, we start to investigate and map the entire value chain (Tier 1-4+ and smallholders).</p> <p><b>EXAMPLE:</b> In 2021 and 2022, we have looked at one refiner (beyond Tier 1 supplier) and which supplier receives palm oil from this refiner. Besides that, we partially rely on our major global supplier to manage their supply chains and adhere to their internal standards and our requirements. Additionally, we support farmers around the world to strengthen sustainable growing methods and to reduce deforestation. Therefore, we have initiated projects to directly address the topic instead of mapping the complex value chain.</p> <p><b>COVERAGE:</b> We have mapped 100% of our Tier 1 supplier by the end of 2022. In case of indications, we continue the mapping beyond Tier 1 (Tier 2-4+ and smallholders). So far, we received only limited information. Based on this analysis, we understand that 33 of our Tier 1 suppliers (82,5%) are RSPO members.</p>	N/A	N/A
Soy	<ul style="list-style-type: none"> <li>• Own operations</li> <li>• Tier 1 suppliers</li> <li>• Tier 2 suppliers</li> <li>• Tier 3 suppliers</li> </ul>	100	<p>For soy derivatives, the value chains are complex. As a purchaser of derivatives, for selected materials, our chain consists of tier six, seven or eight. Therefore, mapping is highly complex, and transparency is limited. We are continuously improving our processes and aiming for increased transparency and traceability.</p>	N/A	N/A

	<ul style="list-style-type: none"> <li>• Tier 4+ suppliers</li> <li>• Smallholders</li> </ul>	<p><b>TOOLS AND METHODS:</b> The SUPPLIER CODE OF CONDUCT (SCoC) considers the well-established principles of sustainability incl. FORESTS. The SCoC promotes the application of broadly recognized sustainability standards and certifications. Sustainability issues are evaluated through an ANNUAL RISK EVALUATION in procurement for all our suppliers. Identified suppliers (based on country and business category sustainability risks) are validated through an EVIDENCE-BASED ASSESSMENT (EcoVadis) or physical ON-SITE AUDIT (TfS or PSCI).</p> <p><b>MAPPING PROCESS:</b> Once we have an indication that a supplier or someone within the value chain is not complying to our standards, we start to investigate and map the entire value chain (Tier 1-4+ and smallholders). Besides that, we partially rely on our major global supplier to manage their supply chains and adhere to their internal standards and our requirements.</p> <p><b>EXAMPLE:</b> Additionally, we support farmers around the world to strengthen sustainable growing methods and to reduce deforestation. Therefore, we have initiated projects to directly address the increase of SUSTAINABLE SOY FEEDSTOCK and its traceability, e.g. together with RTRS or our PRO Carbono program, instead of mapping the complex value chain. With the PRO Carbono Commodities, Bayer will increase the amount of DCF-soy feedstock. Moreover, by providing traceability information via QR code, Bayer provides greater transparency about the origin of the grains for the entire chain, going beyond what is available in the market so far.</p> <p><b>COVERAGE:</b> We have mapped 100% of our Tier 1 suppliers by the end of 2022. In case of indications, we continue the mapping beyond Tier 1 (Tier 2-4+ and smallholders). So far, we received only limited information. With our major supplier for soy oil derivative, we engage in further discussions to understand the value chain more in detail. From our assessment of all soy derivative suppliers, only three are member of RTRS.</p>		
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**(F2.3) Do you use a classification system to determine risk of deforestation and/or conversion of other ecosystems for your sourcing areas, and if yes, what methodology is used, and what is the classification used for?**

1	2	3	4
<p><b>Use of a classification system to determine deforestation and/or conversion risk of sourcing areas</b></p>	<p><b>Methodology used for classifying levels of risk*</b></p>	<p><b>Use of risk classification*</b></p>	<p><b>Attachment indicating risk classification for each sourcing area (optional)*</b></p>
<ul style="list-style-type: none"> <li>• Yes, we use a classification system</li> </ul>	<p><b>APPROACH TO CLASSIFY RISK LEVELS:</b> Based on the Accountability Framework (Afi) and the EU-No-Deforestation regulation, we have set up a classification system</p>	<p><b>INTERNAL USE OF CLASSIFICATION SYSTEM:</b> We use the classification to rank our suppliers and assess their risk regarding deforestation and conversion, but also other activities. To</p>	

	<p>to determine the risk of deforestation and conversion for our direct supplier.</p> <p>As we only purchase plant oil derivatives, the value chains are complex and highly diverse. Gaining information and insights into the value chain is very difficult and not many suppliers share all their insights. Therefore, we continue to build up our system.</p> <p><b>RISK CATEGORIES &amp; THRESHOLDS:</b>  <b>Low-risk:</b> "Low-risk" is defined as "a conclusion, following a risk assessment, that there is negligible or insignificant risk that material produced in or sourced from a given context is non-compliant with one or more aspects of a company's social and environmental commitments or obligations." When area-level monitoring determines that the given area is low-risk relative to a given commitment, then companies may assume that supplies from that area fulfil that commitment.  <b>Medium-risk:</b> "Medium-risk" is defined as "a conclusion, following a risk assessment, that there is some risks which is either likely or high in impact risk that material produced in or sourced from a given context is non-compliant with one or more aspects of a company's social and environmental commitments or obligations." We complement our assessment with supplier specific information and request certain further information. This might also be the case if we hear of beyond tier one impacts.  <b>High-risk:</b> "High-risk" is defined as "a conclusion, following a risk assessment, that there is high likelihood and high impact risk that material produced in or sourced from a given context is non-compliant with one or more aspects of a company's social and environmental commitments or obligations." We conduct additional due diligence activities to further understand the case.</p>	<p>determine risks of deforestation and/or conversion of other ecosystems, we integrated the classification based on Afi and the EU-No-Deforestation regulation. Currently, we base our information on the supplier engagement. Globally, we are conducting this assessment on a regular, at least once a year, basis. This is on top to the usual Bayer policies (e.g. SCoC), Bayer initiatives (e.g. Brazilian forest coalition) and our voluntary activities (e.g. EcoVadis assessment) to minimize the risk.</p> <p>In 2022, an assessment showed that 82.5% our palm oil derivative suppliers have an RSPO certification and respective policies in place. We will further improve our analysis within the next years.</p> <p><b>EXAMPLE OF HOW SYSTEM AFFECTS DECISION-MAKING:</b>  As part of each new sourcing event and also on a yearly basis, we evaluate the majority of our Tier 1 suppliers. We are investigating their policies and activities, certifications, and activities. Additionally, we constantly review media, news and other sources to gain insights into current developments or issues. On top, we review global reportings. Based on a wide range of information, we evaluate if we have to engage with specific suppliers on different topics. In 2022, we identified one potential high-risk mill within the value chain beyond our Tier 1 suppliers. Therefore, we reached out to all its direct suppliers to assess, if the risk occurred in our own supply chain. Since this was not the case, no further actions were taken.</p> <p>Due to certain risks and limitations within the sustainable products system, we have set up our PRO Carbono Commodities pilot. We want to actively drive sustainability within the area by supporting the production of certified sustainable feedstock. This is a clear result of promoting and de-risking the value chain.</p>	
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# F3 Risks and opportunities

## Risks

**(F3.1) Have you identified any inherent forests-related risks with the potential to have a substantive financial or strategic impact on your business?**

0	1
Forest risk commodity	Risk identified?
Palm oil	<ul style="list-style-type: none"> <li>No</li> </ul>
Soy	<ul style="list-style-type: none"> <li>Yes</li> </ul>

**(F3.1a) How does your organization define substantive financial or strategic impact on your business?**

**GENERAL:**

The Bayer Group has implemented a holistic and integrated risk management system designed to ensure the continued existence and future target attainment of the Group through the early identification, assessment, and treatment of risks. The Bayer Group's risk management system is aligned to internationally recognized standards and principles such as the ISO 31000 risk management standard.

Responsibility for the identification, assessment, treatment and reporting of risks lies with the operational business units in the divisions and enabling functions.

All relevant risks worldwide, INCL. FOREST-RELATED RISKS, are recorded and monitored at an early stage in our risk management system. We regard risks as negative deviations from projected or target values for potential future developments.

**A) DIRECT OPERATIONS AND VALUE CHAIN**

**i) DEFINITION OF SUBSTANTIVE FINANCIAL OR STRATEGIC IMPACTS:**

Bayer DEFINES a risk as having a SUBSTANTIVE FINANCIAL IMPACT if the identified risk is relevant for the respective risk owner and/or function.

With regard to our Product Supply Function for example, a potential impact of EUR 7 MILLION CASH FLOW is regarded to be substantive and monitored in the database.

**ii) QUANTIFIABLE INDICATORS:**

Risks, INCL. FOREST-RELATED RISKS, are classified as high, medium, or low to assess their materiality regarding the overall risk portfolio. Impact is rated according to quantity and/or quality. The quantitative assessment reflects the possible loss of cash flows. Risks are assessed on a net basis, taking into account the risk control measures in place to mitigate the potential impact and/or likelihood of occurrence. The likelihood of occurrence is assessed on a scale ranging from very unlikely (<10%), unlikely (10%-30%), possible (30-50%), likely (50-70%), very likely (>70%) over a period of 10 years. The potential impact is determined on a scale from moderate (>EUR 150-250 million), medium (>EUR 250-750 million), significant (>EUR 750-1,500 million), major (>EUR 1,500-2,500 million) to severe (>EUR 2,500 mio). Lower thresholds apply for the divisions, with regard to our division Consumer Health, a potential impact of EUR 30 MILLION CASH FLOW is regarded to be substantive and monitored in the database, or with regard to our Product Supply Function, a potential impact of EUR 7 MILLION CASH FLOW is regarded to be substantive and monitored in the database, for example.

The qualitative assessment is based on criteria such as the effect on our strategy or reputation, the potential loss of stakeholder confidence, and the potential incomplete compliance with sustainability principles. The higher rating, qualitatively or quantitatively, determines the overall assessment.

A report on the risk portfolio is submitted to the Board of Management and the Audit Committee of the Supervisory Board at least once a year.

The DEFINITION APPLIES to our direct operations and to our value chain. Risks are REVIEWED in our risk management system, INCL. FOREST-RELATED RISKS.

For EXAMPLE, we started a project to assess risks related to deforestation across our supply chain. Regarding SOY PRODUCTION, deforestation is a very sensitive topic to farmers. Due to the remaining challenges of transparency and traceability of soy products in our supply chain, we consider a risk in potential relationships with companies that are not fully compliant with environmental or humanitarian laws. This could lead to potential impacts on our company's reputation and legal risks such as co-responsibility for actions conducted by third parties. Therefore, we have initiated projects to directly address the increase of SUSTAINABLE SOY FEEDSTOCK and its traceability, e.g. together with RTRS or our PRO Carbono program, instead of mapping the complex value chain. With the PRO Carbono Commodities program, Bayer will increase the amount of DCF-soy feedstock. Moreover, by providing traceability information via QR code, Bayer provides greater transparency about the origin of the grains for the entire chain, going beyond what is available in the market so far. The project assesses the carbon footprint during the entire agricultural phase, from pre-planting to harvesting, and continues through the transportation phase until the delivery of the grain, with information transparency and traceability in order to validate this innovative product within the chain.

## B) SUPPLIERS

### i) DEFINITION OF SUBSTANTIVE FINANCIAL OR STRATEGIC IMPACTS:

Suppliers have the potential to have a SUBSTANTIVE IMPACT on the business if they are classified as strategically important or potential high-risk suppliers.

### ii) QUANTIFIABLE INDICATORS:

Strategically important suppliers are defined as suppliers that have a major influence on business, incl. procurement spend and long-term collaboration prospects (3-5 years). The risk definition for potential high-risk suppliers is based on country and business category sustainability risks. This process was revised in 2020 with the support of an external consultancy, enabling a more detailed view of the risks in the categories of environment (e.g. climate and energy), social standards (e.g. child labor) and corporate governance (e.g. data protection). This more targeted analysis by individual risk criteria increases transparency in our supply chain. The risk categorization is based on an internationally recognized classification of country risks such as that applied by the World Bank and of category risks such as that employed by the United Nations.

The DEFINITION APPLIES to our entire supply chain. Data are REVIEWED and updated continuously. Strategically important and potentially high-risk suppliers' sustainability performance, incl. climate-related and forest-related aspects, is evaluated via assessments and on-site audits.

**(F3.1b) For your disclosed forest risk commodity(ies), provide details of risks identified with the potential to have a substantive financial or strategic impact on your business, and your response to those risks.**

1	2	3	4	5	6	7	8
Forest risk commodity	Type of risk	Geographical scale	Where in your value chain does the risk driver occur?	Primary risk driver	Primary potential impact	Company-specific description	Timeframe
Soy	<ul style="list-style-type: none"> <li>Reputational and markets</li> </ul>	<ul style="list-style-type: none"> <li>Soy: Plantation</li> </ul>	<ul style="list-style-type: none"> <li>Supply chain</li> </ul>	<ul style="list-style-type: none"> <li>Availability of certified sustainable material</li> </ul>	<ul style="list-style-type: none"> <li>Brand damage</li> </ul>	<p>RISK DRIVER: Bayer uses SOY DERIVATIVES in a very small number of our products (at the end of a highly complex supply chain). Approx. 4% of Bayer's total revenue is dependent on these derivatives. Our consumption volume in 2022 was 11,930 t of which 75% was purchased from RTRS certified suppliers. Bayer has committed to source 100% RTRS certified soy derivatives each year. However, within our supply chain for SOY DERIVATIVES, we face challenges of limited availability of DCF-verified soy. In addition, the tracking of products along the supply chain until soy plantation remains a challenge for Bayer BECAUSE as a purchaser of soy derivatives, we are tier six, seven or eight within the value chain.</p> <p>IMPACT ON THE ORGANIZATION: As a consequence of limited availability of certified sustainable, in particular DCF-certified, soy and limited traceability until the source of origin, Bayer is exposed to potential impacts on its reputation. Moreover, Bayer is exposed to potential legal risks such as co-responsibility for actions conducted by third parties.</p>	<ul style="list-style-type: none"> <li>4-6 years</li> </ul>
9	10	11	12	13	14		
Magnitude of potential impact	Likelihood	Are you able to provide a potential financial impact figure?	Potential financial impact figure (currency)*	Potential financial impact figure - minimum (currency)*	Potential financial impact figure - maximum (currency)*		
<ul style="list-style-type: none"> <li>Medium</li> </ul>	<ul style="list-style-type: none"> <li>About as likely as not</li> </ul>	<ul style="list-style-type: none"> <li>Yes, an estimated range</li> </ul>	N/A	250,000,000	750,000,000		
15	16	17	18	19			

Explanation of financial impact	Primary response to risk	Description of response	Cost of response	Explanation of cost of response
Quantifying losses due to reputational issues are always subject to very high uncertainty. We are therefore currently unable to provide a specific potential financial impact figure. However, we can state a range that is linked to the level of "medium" magnitude, that we report in F3.1a to have a value of >EUR 250-750 million. Any negative impacts on top might impact the soy market in a negative way. Therefore, we are building up sustainable and innovative systems for regenerative agriculture.	<ul style="list-style-type: none"> <li>Greater traceability of forest-risk commodities</li> </ul>	<p>i) RESPONSE STRATEGY: Bayer is taking a proactive strategy to not only mitigate the identified risks, but to increase both certified sustainable soy feedstock in the market and solutions for traceability along the entire value chain. In 2021, we started the PRO Carbono program with 1,900 Brazilian soy growers to increase productivity in the field and enhance carbon sequestration in the soil by intensifying regenerative agricultural practices. Based on these learnings, we launched the PRO Carbono Commodities in 2022. The initiative brings the guarantee that production was carried out in a deforestation-free area. Moreover, the project assesses the carbon footprint during the entire agricultural phase, from pre-planting to harvesting, and continues through the transportation phase until the delivery of the grain, with information transparency and traceability to validate this innovative product within the chain. The carbon footprint is audited by Bureau Veritas, an independent third party.</p> <p>ii) TIMEFRAME FOR IMPLEMENTATION: The PRO Carbono Commodities are UNDERWAY and we plan in the coming months to expand it.</p> <p>iii) EFFECTIVENESS: The ongoing expansion of PRO Carbono Commodities is expected to not only be improving our company's reputation in the long-term, but also to significantly increase SUSTAINABLE SOY FEEDSTOCK and its TRACEABILITY along the entire value chain.</p>	300,000	To strengthen our commitments, we have budgeted at least EUR 300,000 to purchase RTRS credits and therefore directly spend money on supporting sustainable production within the value chain. On top we engage with various stakeholders and have established a team within sustainable procurement. We estimate that the sustainable soy market will grow within the next years. Unsustainable behaviour will cause significant damage to the market and to an individual company. Therefore, we estimate our sales growth and our activities within the purchasing to be the basis for our calculation.

**(F3.1c) Why does your organization not consider itself to be exposed to forests-related risks with the potential to have a substantive financial or strategic impact?**

0	1	2
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Forest risk commodity	Primary reason	Please explain
Palm oil	<ul style="list-style-type: none"> <li>Risks exist, but no substantive impact anticipated</li> </ul>	<p><b>RATIONALE:</b> The Bayer Group has implemented a holistic and integrated risk management system designed to ensure the continued existence and future target attainment of the Group through the early identification, assessment and treatment of risks. The Bayer Group's risk management system is aligned to internationally recognized standards and principles such as the ISO 31000 risk management standard. Risk owners decide on a targeted risk level and define a risk management strategy and risk management measures.</p> <p>All relevant risks worldwide, incl. forest-related risks, are recorded and monitored at an early stage in our risk management system. We regard substantive financial or strategic risks as negative deviations of approximately EUR 750-1,500 million from projected or target values for potential future developments.</p> <p><b>EXAMPLE:</b> We use palm oil derivatives in a very small number of our products. We determined that palm oil derivatives are found in 11 of our brands. In the financial year 2022, our revenue from these products, represented approximately 3% of our company's total revenue. As minor player in the industry there are no significant forest-related risks directly related to our products containing palm oil derivatives.</p> <p>To prevent occurring risks, we defined mitigation actions, As part of Bayer's wide commitments different measures and remediation activities exist:</p> <ol style="list-style-type: none"> <li>Bayer aims for zero net deforestation in our supply chain,</li> <li>Bayer is committed to become climate neutral in its own operations by 2030,</li> <li>Bayer shares the value of international cooperation to promote viable measures in sustainable development and environmental protection.</li> <li>Bayer expects to follow the principles defined by our Supplier Code of Conduct, especially following certification standards</li> <li>We are building up our capabilities and have switched towards sustainable supply chain certification by RSPO, which we are still trying to enhance.</li> </ol> <p>Therefore, no significant impact is estimated.</p>

## Opportunities

### (F3.2) Have you identified any forests-related opportunities with the potential to have a substantive financial or strategic impact on your business?

0	1
Forest risk commodity	Have you identified opportunities?
Palm oil	<ul style="list-style-type: none"> <li>No</li> </ul>
Soy	<ul style="list-style-type: none"> <li>Yes</li> </ul>

### (F3.2a) For your selected forest risk commodity(ies), provide details of the identified opportunities with the potential to have a substantive financial or strategic impact on your business.

1	2	3	4	5	6
Forest risk commodity	Type of opportunity	Where in your value chain does the opportunity occur?	Primary forests-related opportunity	Company-specific description	Estimated timeframe for realization
Soy	<ul style="list-style-type: none"> <li>Markets</li> </ul>	<ul style="list-style-type: none"> <li>Direct operations</li> </ul>	<ul style="list-style-type: none"> <li>Markets: Increased demand for certified materials</li> </ul>	<p><b>RATIONALE:</b> Bayer purchases SOY DERIVATIVES in a very small number for our products. Approx. 4% of Bayer's total revenue is dependent on these derivatives. Our consumption volume in 2022 was 11,930 t of which 75% was purchased from RTRS certified suppliers. Bayer has committed to source 100% RTRS certified soy derivatives each year. However, the availability of low carbon and DCF-certified soy still is limited in the market.</p> <p><b>EXPECTED BENEFITS:</b> Bayer considers INCREASED DEMAND FOR CERTIFIED MATERIALS as an opportunity BECAUSE we expect this market pull to improve forest protection related to soy production on a large scale in the future.</p> <p><b>SCOPE:</b> We anticipate a positive benefit on our reputation as COMPANY-WIDE.</p>	1-3 years
7	8	9	10	11	
Magnitude of potential impact	Likelihood	Are you able to provide a potential financial impact figure?	Potential financial impact figure (currency)*	Potential financial impact figure – minimum (currency)*	
<ul style="list-style-type: none"> <li>Medium-high</li> </ul>	<ul style="list-style-type: none"> <li>Likely</li> </ul>	<ul style="list-style-type: none"> <li>Yes an estimated range</li> </ul>	N/A	50,000,000	
12	13	14	15		
Potential financial impact figure – maximum (currency)*	Explanation of financial impact figure	Cost to realize opportunity	Strategy to realize opportunity		
500,000,000	Quantifying potential financial impact figure in this case is always subject to very high uncertainty. We are therefore currently unable to provide a specific potential financial impact figure. However, we can state a range that is linked to the level of "medium-high" magnitude, that we report in F3.1a to have a value of >EUR 50-500 million.	100,000,000	<p>We are spending EUR 100 million over the next 8 years to support sustainable and innovative methodologies. This includes traceability technologies, innovative practices on the field, certification activities and engagement with various partners in the value chain incl. RTRS and farmers.</p> <p>Bayer is taking a proactive strategy to realize the identified opportunity of increased demand for certified materials. In 2021, we started the PRO Carbono program with 1,900 Brazilian soy growers to increase productivity in the field and enhance carbon sequestration in the soil by intensifying regenerative agricultural practices. Based on these learnings, we launched the PRO Carbono Commodities in 2022. The initiative brings the guarantee that production was</p>		

			<p>carried out in a deforestation-free area. Moreover, the project assesses the carbon footprint during the entire agricultural phase, from pre-planting to harvesting, and continues through the transportation phase until the delivery of the grain, with information transparency and traceability to validate this innovative product within the chain. The carbon footprint is audited by Bureau Veritas, an independent third party. During the reporting year, soybean production of 10 Brazilian growers located at the Cerrado and Amazon biomes, in a total area of 159,000 hectares, was able to provide 240,000 t of DCF-certified soybeans to the market.</p> <p>The PRO Carbono Commodity initiative for soy is UNDERWAY and we plan in the coming months to expand the program and onboard more farmers as well as other value chain partners into the program. The main target is to broadly integrate regenerative practices into agriculture, strengthen sustainable production, increase traceability and transparency and provide certified soy feedstock to the market.</p>
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**(F3.2b) Why does your organization not consider itself to have forests-related opportunities?**

0	1	2
Forest risk commodity	Primary reason	Please explain
Palm oil	<ul style="list-style-type: none"> <li>Opportunities exist, but none with potential to have a substantive financial or strategic impact on business</li> </ul>	<p>i) DEFINITION: Bayer purchases only a very small quantity of palm oil derivatives for a very small number of products. In the financial year 2022, our revenue from these products, represented approximately 3% of our company's total revenue. We would categorize SUBSTANTIVE OPPORTUNITIES somehow at a sales impact in the range between EUR 750-1,500 million. As minor player in the industry there are no significant forest-related opportunities directly related to our products containing palm oil derivatives. Nevertheless, forests are key to reach our sustainability goals which we have announced in 2019.</p> <p>EXAMPLE: The climate strategy includes our activities regarding carbon offsetting globally. Bayer's offsetting should support reforestation and other biodiversity-enhancing programs, ideally developed with and supported by our customers. Replacing or exchanging different ingredients (e.g., replacing palm oil derivatives, or switching towards palm oil ingredients) in our products would mean, that in most countries a new registration of the product would be required. This new registration would require new testing and could take a long time. Especially for medical products, all ingredients have a purpose to treat people and improve their health. Due to these regulatory and product quality requirements we do not consider replacing ingredients of existing product formulations.</p> <p>ii) METHOD AND ASSESSMENT CYCLE: Our strategy departments CONTINUOUSLY monitor market developments and arising opportunities.</p> <p>EXAMPLE: One new business opportunity is the Bayer Carbon Initiative. Bayer wants to reward growers to generate carbon credits by adopting climate-smart practices and creating a new revenue stream on-farm. With this initiative we want to strengthen sustainable agriculture and emphasize that agriculture can positively impact climate change. Bayer's industry-leading Carbon Initiative is the result of years of work validating a science-based approach and methodology to make this happen. It</p>

		recognizes the pivotal role growers and their land can play in helping to create lasting, positive environmental impacts and is the latest in the company's sustainability commitments. Forest protection is also part of the Bayer Carbon Initiative, but this is not specific for palm oil, but on all activities.
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# F4 Governance

## Board oversight

### (F4.1) Is there board-level oversight of forests-related issues within your organization?

- Yes

### (F4.1a) Identify the position(s) of the individual(s) (do not include any names) on the board with responsibility for forests-related issues.

1	2
Position of individual or committee	Responsibilities for forest-related issues
<ul style="list-style-type: none"> <li>• Chief Executive Officer (CEO)</li> </ul>	<p><b>FOREST-RELATED RESPONSIBILITIES:</b>            The highest level of responsibility for FOREST-related issues lies with Bayer’s CEO who also functions as Bayer’s Chief Sustainability Officer (CSO). As CSO he is RESPONSIBLE FOR THE GROUP-WIDE SUSTAINABILITY PROGRAM INCLUDING CLIMATE-RELATED TARGETS AND MEASURES with a linkage to FOREST. The position was selected to ensure that FOREST-RELATED RISKS AND OPPORTUNITIES are identified AT GROUP-LEVEL and FOREST-RELATED TARGETS AND MEASURES ARE DRIVEN GROUP-WIDE and integrated into Bayer’s business strategy. In his role as CSO, the CEO is supported by the Public Affairs, Science, Sustainability &amp; HSE (PASS &amp; HSE) enabling function.</p> <p><b>EXAMPLE OF FOREST-RELATED DECISIONS:</b>            In 2022, Bayer’s Board of Management including the CSO was involved in initiating new FOREST-RELATED initiatives like the PRO Carbono Commodities program for measuring, tracking deforestation-free soy. This program is part of a wider strategic discussion led by the CSO and our board member of the agricultural division to shift our strategy towards fully integrating regenerative agriculture into the core of Bayer’s business models. We want to offer solutions which bring the yield but at the same time benefit nature. This was communicated in 2023.</p>

[Add Row]

### (F4.1b) Provide further details on the board’s oversight of forests-related issues.

1	2	3
Frequency that forests-related issues are a scheduled agenda item	Governance mechanisms into which forests-related issues are integrated	Please explain

<ul style="list-style-type: none"> <li>Scheduled - some meetings</li> </ul>	<ul style="list-style-type: none"> <li>Reviewing and guiding strategy</li> <li>Monitoring implementation and performance</li> <li>Overseeing acquisitions, mergers and divestiture</li> <li>Overseeing major capital expenditures</li> <li>Providing employee incentives</li> <li>Reviewing and guiding annual budgets</li> <li>Reviewing and guiding business plans</li> <li>Reviewing and guiding corporate responsibility strategy</li> <li>Reviewing and guiding major plans of action</li> <li>Reviewing and guiding risk management policies</li> <li>Reviewing and guiding strategy</li> <li>Reviewing innovation / R&amp;D priorities</li> <li>Setting performance objectives</li> </ul>	<p>i) WHO BRIEFS THE BOARD ON WHAT: In REGULAR JOUR FIXES, the Chief Sustainability Officer (CSO) and the Head of Public Affairs, Science, Sustainability &amp; HSE (PASS &amp; HSE) discuss operational topics in the field of sustainability, incl. forest-related issues. Forest-related strategic decisions are brought up in board discussions by the Head of PASS &amp; HSE or by the CSO as needed. In REGULAR MEETINGS of the Board and the Supervisory Board the group-wide sustainability strategy incl. forest-related issues is discussed. In addition, the CSO and the CFO are informed several times e.g., by the Annual Report taskforce during the reporting cycle. The Head of PASS &amp; HSE monthly reports HSE KPIs to the CSO. As our Crop Science Business has major dependencies and potentials for forest the division head of Crop Science brings up environmental related topics.</p> <p>ii) CONTRIBUTION TO BOARD OVERSIGHT: The governance mechanisms selected contribute to an informed view of the Board and ensure a coherent and Group-wide response, if needed.</p> <p>iii) EXAMPLE: In 2022, the Board of Management was involved in decisions related to the newly started PRO Carbono Commodities program. The initiative is part of the Bayer Forest Protection Program and aims to create new business models to make agriculture part of the solution in combating climate change and preserving biomes.</p>
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**(F4.1d) Does your organization have at least one board member with competence on forests-related issues?**

1	2
<p>Board member(s) have competence on forests-related issues</p>	<p>Criteria used to assess competence on forests-related issues*</p>
<ul style="list-style-type: none"> <li>Yes</li> </ul>	<p>The top level of responsibility is held by the Chairman of the Board of Management (BoM) in his role as Chief Sustainability Officer (CSO) together with the entire BoM. An external Sustainability Council (SC) provides the BoM with constructive criticism in all sustainability matters. The Public Affairs, Science, Sustainability &amp; HSE (PASS &amp; HSE) enabling function helps the CSO and the BoM to identify risks and opportunities, develop strategies and define targets and guidelines for sustainability management, and ensures the governance of all sustainability issues incl. FOREST.</p> <p>EXPERTISE: The competence profile of board members requires many years of management experience in scientific, technical and commercial fields. In 2022, our new Head of the Crop Science Division joined the BoM. From more than 25 years of experience working in the crop science business, he has a wide knowledge in the area of agriculture and interlinkages with sustainability and FOREST-RELATED ISSUES. The CSO is CONTINUOUSLY INFORMED ABOUT THE STATUS OF CLIMATE-RELATED TARGETS AND MEASURES incl. FOREST-RELATED ISSUES during his regular meetings with the Head of PASS &amp; HSE, who monitors all relevant topics in the field of sustainability. The head of PASS &amp; HSE is an expert in the field of sustainability incl. FOREST with 25 years of experience. Today he is part of the UN Climate and Water Leaders of the World Meterological Organization (WMO). The CSO is responsible for our sustainability strategy, which includes forest-related activities including global carbon offsetting. Bayer's offsetting supports reforestation and other carbon compensation programs.</p>

	In our SC we have an expert within sustainability incl. FOREST with more than 30 years of experience. His focus is among others in biodiversity science and policy, including as Executive Secretary of the UN Convention on Biological Diversity and as National Secretary for Biodiversity and Forests in Brazil's Ministry of the Environment. He also holds numerous positions in national and international NGOs and committees.
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## Management responsibility

**(F4.2) Provide the highest management-level position(s) or committee(s) with responsibility for forests-related issues (do not include the names of individuals).**

1	2	3	4
Name of the position(s) and/or committee(s)	Forests-related responsibilities of this position	Frequency of reporting to the board on forests-related issues	Please explain
<ul style="list-style-type: none"> <li>Chief Executive Officer (CEO)</li> </ul>	<ul style="list-style-type: none"> <li>Assessing forests-related risks and opportunities</li> <li>Managing forests-related risks and opportunities</li> <li>Monitoring progress against forests-related corporate targets</li> <li>Managing public policy engagement that may impact forests</li> <li>Managing value chain engagement on forests-related issues</li> </ul>	<ul style="list-style-type: none"> <li>More frequently than quarterly</li> </ul>	<p>i) RATIONALE: The highest management-level with responsibility for FOREST-related issues lies with Bayer's CEO who also functions as Bayer's Chief Sustainability Officer (CSO). The CSO is the Chairman of the Board of Management (BoM). In this position, he reports to the Supervisory Board. He is the direct superior of the Head of Public Affairs, Science, Sustainability &amp; HSE (PASS &amp; HSE) who leads the group-wide sustainability function.</p> <p>ii) RESPONSIBILITIES: The CSO carries DIRECT RESPONSIBILITY for the group-wide sustainability program incl. FOREST-RELATED targets and measures. For EXAMPLE, in 2022, the CSO decided to commit the Bayer AG to the PRO Carbono Commodity program. On top, they decided to make regenerative agriculture a central strategic pillar of our strategy. The CSO is also responsible for SIGNING OFF BAYER'S RESPONSE TO THE CDP FOREST REQUEST.</p> <p>iii) PROCESS OF INFORMATION AND MONITORING: In REGULAR JOUR FIXES, the CSO and Head of PASS &amp; HSE discuss topics of sustainability, incl. forest-related issues. For REGULAR MEETINGS of the BoM, the Supervisory Board and the Sustainability Council discuss and align on the group-wide sustainability strategy incl. forest-related issues. Target achievement is reported ANNUALLY to the BoM in a REGULAR BOARD MEETING. Furthermore, we installed an ESG Committee (ESGC) to discuss all relevant sustainability topics. In addition, a newly created Sustainability Decision Committee among the highest operational management level has been established in 2022.</p>

[Add Row]

## Employee incentives

**(F4.3) Do you provide incentives to C-suite employees or board members for the management of forests-related issues?**

1	2
<b>Provide incentives for management of forests related issues</b>	<b>Comment</b>
<ul style="list-style-type: none"> <li>Yes</li> </ul>	. N/A

**(F4.3a) What incentives are provided to C-Suite employees or board members for the management of forests-related issues (do not include the names of individuals)?**

0	1	2	3	4
Type of incentive	Role(s) entitled to incentive	Performance indicator	Contribution of incentives to the achievement of your organization's forests-related commitments	Please explain
Monetary reward	<ul style="list-style-type: none"> <li>Board chair</li> <li>Board/Executive board</li> <li>Director on board</li> <li>Chief Executive Officer (CEO)</li> <li>Chief Financial Officer (CFO)</li> <li>Chief Operating Officer (COO)</li> <li>Chief Sustainability Officer (CSO)</li> </ul>	<p>Achievement of commitments and targets:</p> <ul style="list-style-type: none"> <li>Increasing commodity volumes with credible third-party certification</li> <li>Increasing traceability of commodity volumes</li> </ul> <p>Supply chain mapping and engagement</p> <ul style="list-style-type: none"> <li>Increased supply chain mapping</li> <li>Increased engagement with suppliers on forests-related issues</li> </ul> <p>Products and services:</p>	<p>Within our sphere of influence, Bayer seeks to address the drivers of deforestation and forest degradation. Therefore, we have stated our commitments in our Position on Deforestation and Forest Degradation. To achieve our commitments, we have launched the Bayer's Forest Protection Program which includes targets and measures. All selected performance indicators contribute to achieve our targets.</p> <p><b>RATIONALE FOR INCENTIVE AND CHOICE OF INDICATOR:</b> In 2019, we announced a comprehensive package of measures and new sustainability targets, pursuing our sustainability targets with the same vigor as our financial targets. Bayer has introduced compensation methods and link these also to sustainability goals to strengthen our sustainability culture. Board members are incentivized on the attainment of sustainability KPIs. The variable compensation is based on the attainment of qualitative and quantitative targets in areas such as innovation progress or safety, compliance and sustainability goals incl. FOREST-RELATED ISSUES. Incentives are set up to reach the business and sustainability objectives. Therefore, incentives have a direct link to the achievement. During the short-term and long-term planning process this is regularly reviewed. The indicators were chosen BECAUSE they are essential to achieve our FOREST-RELATED TARGETS.</p>	<p>i) DETAILS ON THE INDICATOR/S AND THRESHOLDS: For all board members, sustainability goals incl. FOREST-RELATED GOALS are part of the long-term variable cash compensation/incentives (LTI) with a weighting of 20%. All LTIs are based on a 4-year performance period. The targets used in the long-term incentive system are aimed at incentivizing long-term value creation. The Supervisory Board determines a minimum value, a target corridor and a maximum value for the individual sustainability goals. In setting the sustainability goals, the Supervisory Board took care to ensure that these are aligned with the Sustainable Development Goals (SDGs) of the United Nations as a minimum, and are also in step with international best practice, such as the Science Based Targets initiative (SBTi), with respect to how they are determined, measured and reviewed.</p> <p>ii) METHOD FOR MEASUREMENT: The setting of the individual sustainability goals and the attainment thereof will be reported on in the corresponding Compensation Report following the end of the performance period. Where applicable, any adjustments the Supervisory Board makes to sustainability target values will also be explained, along with the reasoning behind those changes.</p>



		<ul style="list-style-type: none"> <li>Increased proportion of revenue from low forest impact products and services in product portfolio</li> </ul>	<p>EXAMPLE: The incentives have impacted Bayer's strategy in launching new business models such as the PRO Carbono Commodities program. Building new sustainable business models is a key component of Bayer's sustainability strategy. In the FUTURE, we expect the incentives to further expand such business models which will lead to an increased proportion of revenue from low forest impact products.</p>	
Non-monetary reward	<ul style="list-style-type: none"> <li>Board/Executive board</li> <li>Other, please specify: All employees</li> </ul>	<ul style="list-style-type: none"> <li>Increased proportion of revenue from low forest impact products and services in product portfolio</li> </ul>	<p>To promote a culture of innovation in the workplace, additional platforms for making work-related suggestions are available to employees in Germany, such as the Bayer Ideas Pool and the Ideas Forum. The suggestions made here by employees on improving processes are rewarded and utilized. Some 2,500 ideas were submitted in 2022, and 46% of the suggestions for improvement evaluated in 2022 were implemented. Bayer offers employees numerous means of actively discussing company-specific topics and scope for optimization via various internal communication channels.</p> <p>In various countries, our employees voluntarily support social projects, usually in the areas near our sites. In the United States, we support employees who personally volunteer their time in nonprofit organizations. Our employees can also participate in events and activities supported by Bayer that help to improve living conditions in the immediate vicinity of our sites. Our employees launched the PROSI (PRO Social Initiatives) initiative in 2018. This voluntary program gives employees in numerous countries the opportunity to work together on local social projects. Our employees initiate and support more than 100 social projects with their personal commitment.</p> <p>Additionally, we have the LIFE Awards program where we recognize excellent activities and enhance culture around our commitments and values. The program aims to implement true action and tangible impact for our customers. One category is also sustainability.</p>	<p>i) DETAILS ON THE INDICATOR/S: All Bayer employees globally can contribute to the worldwide Innovation@Bayer program to develop solutions, including those referring to forest. Innovation coaches accompany the process starting from the submission of the idea until the finding of the solution. This process refers to all challenges, including forest-related topics outlined in the performance indicator column.</p> <p>ii) RATIONALE: Bayer has introduced the worldwide innovation platform Innovation@Bayer to strengthen the innovation culture in all business areas and to enhance worldwide collaboration.</p>

## Reporting

**(F4.4) Did your organization include information about its response to forests-related risks in its most recent mainstream financial report?**

- Yes (you may attach the report – this is optional)

## Policy

**(F4.5) Does your organization have a policy that includes forests-related issues?**

- Yes, we have a documented forest policy that is publicly available

**(F4.5a) Select the options to describe the scope and content of your policy.**

1	2	3	4	5
Scope	Commodity coverage	Content	Document attachment	Please explain
<ul style="list-style-type: none"> <li>• Company-wide</li> </ul>	<ul style="list-style-type: none"> <li>• General forests policy covering all commodities</li> <li>• Palm oil</li> </ul>	<ul style="list-style-type: none"> <li>• Commitment to protect rights and livelihoods of local communities</li> <li>• Commitments beyond regulatory compliance</li> <li>• Commitment to stakeholder awareness and engagement</li> <li>• Commitment to align with the SDGs</li> <li>• Recognition of the overall importance of forests and other natural ecosystems</li> <li>• Description of business dependency on forests</li> <li>• Recognition of potential business impact on forests and other natural ecosystems</li> <li>• List of timebound commitments and targets</li> <li>• Description of forests-related standards for procurement</li> <li>• Description of forest risk commodities, parts of the business, and stages of value-chain covered by the policy</li> <li>• Commitment to resolving both social and environmental issues in own operations and supply chain</li> <li>• Commitment to eliminate conversion of natural ecosystems</li> <li>• Commitment to no land clearance by burning or clearcutting</li> </ul>	<ul style="list-style-type: none"> <li>• Bayer Supplier CoC</li> <li>• Position on Deforestation and Forest Degradation</li> </ul>	<p><b>GENERAL FOREST POLICY</b>                      Bayer is officially committed to the SDG #15 Life on Land. Forests play a vital role in mitigating climate change, fostering biodiversity, and enabling water and soil conservation. Millions of people rely on forests for food security, livelihoods and energy sources. Deforestation and forest degradation are complex with multiple causes that differ from region to region, but agriculture has historically been among the major drivers. In 2022, we updated our COMPANY-WIDE Position on Deforestation and Forest Degradation. It includes a description of our BUSINESS DEPENDENCY ON FORESTS. Within our area of influence, incl. working with farmer customers and our supply chain, we seek to address drivers of deforestation and forest degradation. We want to make a contribution not only to protecting existing forests, but also helping to restore lost forest land, in particular</p> <ul style="list-style-type: none"> <li>• with agriculture innovations that help reduce the need to expand crop production areas into natural habitats such as woodlands and forests;</li> <li>• our target to help 100 million smallholder farmers increase their livelihood in farming until 2030;</li> </ul> <p><b>PALM OIL</b>                      i) SCOPE AND CONTENT:                      Regarding PALM OIL we have a COMPANY-WIDE policy outlined as public commitment on our supplier management website and in our Supplier Code of Conduct (SCoC). We expect our suppliers to</p> <ul style="list-style-type: none"> <li>• aim for a zero net deforestation commitment or higher (e.g., no-deforestation, no-peat, no-exploitation)</li> </ul>

		<ul style="list-style-type: none"> <li>• Commitment to eliminate deforestation</li> <li>• Commitment to no deforestation, to no planting on peatlands and to no exploitation (NDPE)</li> </ul>		<ul style="list-style-type: none"> <li>• not purchase or produce materials that cause forests to be converted into plantations, cattle ground or other non-forest uses.</li> <li>• engage and work with qualified third parties and further partners / stakeholders (e.g., local communities and NGOs) in developing and implementing guidelines and models for forest and land conservation, rehabilitation or alternative uses in areas unsuitable for development.</li> <li>• make sure to have a supply chain certification scheme in place for sustainable palm (kernel) oil and aims to have likewise for other forest-risk commodities.</li> <li>• implement systems that enable transparency as well as traceability along the value chain across the different forest-risk commodities.</li> </ul> <p>ii) OUTLOOK We have updated our internal procedure and policies in 2022. Our positions are yearly reviewed by our sustainability team.</p>
<ul style="list-style-type: none"> <li>• Company-wide</li> </ul>	<ul style="list-style-type: none"> <li>• General forests policy covering all commodities</li> <li>• Soy</li> </ul>	<ul style="list-style-type: none"> <li>• Commitment to protect rights and livelihoods of local communities</li> <li>• Commitments beyond regulatory compliance</li> <li>• Commitment to stakeholder awareness and engagement</li> <li>• Commitment to align with the SDGs</li> <li>• Recognition of the overall importance of forests and other natural ecosystems</li> <li>• Description of business dependency on forests</li> <li>• Recognition of potential business impact on forests and other natural ecosystems</li> <li>• List of timebound commitments and targets</li> <li>• Description of forests-related standards for procurement</li> <li>• Description of forest risk commodities, parts of the business, and stages of value-chain covered by the policy</li> <li>• Commitment to resolving both social and environmental issues in own operations and supply chain</li> <li>• Commitment to eliminate conversion of natural ecosystems</li> <li>• Commitment to no land clearance by burning or clearcutting</li> <li>• Commitment to eliminate deforestation</li> <li>• Commitment to no deforestation, to no planting on peatlands and to no exploitation (NDPE)</li> </ul>	<ul style="list-style-type: none"> <li>• Bayer Supplier CoC</li> <li>• Position on Deforestation and Forest Degradation</li> </ul>	<p><b>GENERAL FOREST POLICY</b> Bayer is officially committed to the SDG #15 Life on Land. Forests play a vital role in mitigating climate change, fostering biodiversity, and enabling water and soil conservation. Millions of people rely on forests for food security, livelihoods and energy sources. Deforestation and forest degradation are complex with multiple causes that differ from region to region, but agriculture has historically been among the major drivers. In 2022, we updated our COMPANY-WIDE Position on Deforestation and Forest Degradation. It includes a description of our BUSINESS DEPENDENCY ON FORESTS. Within our area of influence, incl. working with farmer customers and our supply chain, we seek to address drivers of deforestation and forest degradation. We want to make a contribution not only to protecting existing forests, but also helping to restore lost forest land, in particular</p> <ul style="list-style-type: none"> <li>• with agriculture innovations that help reduce the need to expand crop production areas into natural habitats such as woodlands and forests;</li> <li>• our target to help 100 million smallholder farmers increase their livelihood in farming until 2030;</li> </ul> <p><b>SOY</b> i) SCOPE AND CONTENT: Regarding SOY we have a COMPANY-WIDE policy outlined as public commitment on our supplier management website and in our Supplier Code of Conduct (SCoC). We expect our suppliers to</p> <ul style="list-style-type: none"> <li>• aim for a zero net deforestation commitment or higher (e.g., no-deforestation, no-peat, no-exploitation)</li> <li>• not purchase or produce materials that cause forests to be converted into plantations, cattle ground or other non-forest uses.</li> <li>• engage and work with qualified third parties and further partners / stakeholders (e.g., local communities and NGOs) in developing and implementing guidelines and models for forest and land conservation, rehabilitation or alternative uses in areas unsuitable for development.</li> </ul>

				<ul style="list-style-type: none"> <li>• make sure to have a supply chain certification scheme in place for sustainable palm (kernel) oil and aims to have likewise for other forest- risk commodities.</li> <li>• implement systems that enable transparency as well as traceability along the value chain across the different forest-risk commodities.</li> </ul> <p>ii) OUTLOOK We have updated our internal procedure and policies in 2022. Our positions are yearly reviewed by our sustainability team.</p>
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## Public commitment

### (F4.6) Has your organization made a public commitment to reduce or remove deforestation and/or forest degradation from its direct operations and/or supply chain?

1	2
Forest risk commodity	Public commitments made?
Palm oil	<ul style="list-style-type: none"> <li>• Yes</li> </ul>
Soy	<ul style="list-style-type: none"> <li>• Yes</li> </ul>

### (F4.6a) Has your organization endorsed any of the following initiatives as part of its public commitment to reduce or remove deforestation and/or forest degradation?

- Other, please specify:  
RSPO; Matopiba Coalition; WEF; WBCSD; CEBDS; Brazilian Coalition for Climate, Forest and Agriculture; SBTi; Xingu 2030, Brazilian Forest Code, Coalizão Brazil, RTRS, CEBDS, ICC, Climate Connection, Imagine, ABAG, Insper, Leaf Coalition

### (F4.6b) Provide details on your public commitment(s), including the description of specific criteria, coverage, and actions.

1	2	3	4	5	6	7	8	9
Forest risk commodity	Criteria	Operational coverage	% of total production/ consumption covered by	Cutoff date	Forest risk countries/areas that the cutoff date applies to	Reason for selecting cutoff date	Commitment target date	Please explain

			commitment					
Palm oil	<ul style="list-style-type: none"> <li>• Zero net deforestation</li> <li>• Avoidance of negative impacts on threatened and protected species and habitats</li> <li>• Promotion of gender equality and women's empowerment</li> <li>• Adoption of the UN International Labour Organization principles</li> <li>• Facilitate the inclusion of smallholders into the supply chain</li> <li>• No sourcing of illegally produced and/or traded forest risk commodities</li> <li>• No sourcing of forest risk commodities from unknown/control sources</li> <li>• Collaborate in landscapes/jurisdictions to progress shared sustainable land use goals</li> </ul>	<ul style="list-style-type: none"> <li>• Direct operations and supply chain</li> </ul>	<ul style="list-style-type: none"> <li>• 100%</li> </ul>	<ul style="list-style-type: none"> <li>• 2020</li> </ul>	<ul style="list-style-type: none"> <li>• Applied globally</li> </ul>	<ul style="list-style-type: none"> <li>• Legal requirements</li> </ul>	<ul style="list-style-type: none"> <li>• 2026-2030</li> </ul>	<p>Regarding palm oil we have a policy outlined as public commitment on our supplier management website and references in our Supplier Code of Conduct. In 2021, Bayer has decided to move from the credit system towards the RSPO Supply Chain Certification, the RSPO Mass Balance Certification. We understand the complexity of our value chains, therefore 2021 marks a transition year for us. In 2022, we achieved 19% Mass Balance certification. This is a great achievement in light of limited availability. In 2023, we want to achieve 60%, in 2024 70%, in 2025 80%, in 2026 90% and in 2027 almost 100% certified sustainable palm (kernel) oil. We invite all stakeholders to follow and support in this process.</p> <p>As part of the Bayer Supplier Code of Conduct (SCoC), we expect our suppliers to</p> <ul style="list-style-type: none"> <li>• aim for a zero net deforestation commitment or higher (e.g., no-deforestation, no-peat, no-exploitation)</li> <li>• not purchase or produce materials that cause forests to be converted into plantations, cattle ground or other non-forest uses.</li> <li>• engage and work with qualified third parties and further partners / stakeholders (e.g., local communities and NGOs) in developing and implementing guidelines and models for forest and land conservation, rehabilitation or alternative uses in areas unsuitable for development.</li> <li>• make sure to have a supply chain certification scheme in place for sustainable palm (kernel) oil and aims to have likewise for other forest-risk commodities.</li> <li>• implement systems that enable transparency as well as traceability along the value chain across the different forest-risk commodities.</li> </ul> <p>Additionally, we have a Forest Degradation Position and a Biodiversity Position. Both positions are valid for all Bayer group companies. The Bayer Deforestation and Forest Degradation Position is a GLOBAL position and therefore valid for the entire Group. Bayer provides innovative solutions to global challenges. Protecting existing forests and helping to restore forest land is a challenge. Working with our farmers, customers and within our supply chain, we seek to address the drivers of deforestation. Agriculture innovations can help reduce the need to expand crop production areas into natural habitats such as woodlands and FOREST. Our activities are aligned with the elements of the Accountability Framework. We collaborate</p>

	<ul style="list-style-type: none"> <li>• Implementation of Nature-based Solutions that support landscape restoration and long-term protection of natural ecosystems</li> <li>• Build community capacity and incentivize engagement in multi-stakeholder processes</li> </ul>							<p>with our partners and suppliers to further decrease our environmental footprint and set social and ethical standards.</p> <p>EXAMPLES:</p> <p>1) Bayer aims for zero net deforestation in our supply chain – and will encourage our licensees to do the same. As the most prominent example, we will ensure 100% compliance with the Brazilian Forest Code in our production fields.</p> <p>2) We are committed to reinforce regenerative agriculture and sustainable production practices of forest-risk commodities. With our PRO Carbono Commodities, we have started an ambitious no deforestation and no conversion project.</p> <p>3) In Indonesia and Malaysia, the top production countries for palm oil, we have various trainings and engagement programs especially for smallholder farmers.</p> <p>In line with EU-No-Deforestation, our cut-off date is Dec 31, 2020.</p>
Soy	<ul style="list-style-type: none"> <li>• No conversion of natural ecosystems</li> <li>• Zero net deforestation</li> <li>• Avoidance of negative impacts on threatened and protected species and habitats</li> <li>• Promotion of gender equality and women's empowerment</li> <li>• Adoption of the UN International Labour Organization principles</li> <li>• Facilitate the inclusion of smallholders into the supply chain</li> </ul>	<ul style="list-style-type: none"> <li>• Direct operations and supply chain</li> </ul>	<ul style="list-style-type: none"> <li>• 100%</li> </ul>	<ul style="list-style-type: none"> <li>• 2020</li> </ul>	<ul style="list-style-type: none"> <li>• Applied globally</li> </ul>	<ul style="list-style-type: none"> <li>• Legal requirements</li> </ul>	<ul style="list-style-type: none"> <li>• 2026-2030</li> </ul>	<p>Regarding soy we have a policy outlined as public commitment on our supplier management website and references in our Supplier Code of Conduct. We are committed to 100% adherence to the RTRS book &amp; claim process and therefore support the production of sustainable soy. Moreover, in our downstream value chain, we have started the PRO Carbono Program in order to increase DCF-certified and low carbon soy feedstock. With this program, we seek to support sustainable production and generate a positive impact for the protection of the Cerrado and Amazon biomes.</p> <p>Regarding our supply chain, as part of the Bayer Supplier Code of Conduct (SCoC), we expect our suppliers to</p> <ul style="list-style-type: none"> <li>• aim for a zero net deforestation commitment or higher (e.g., no-deforestation, no-peat, no-exploitation)</li> <li>• not purchase or produce materials that cause forests to be converted into plantations, cattle ground or other non-forest uses.</li> <li>• engage and work with qualified third parties and further partners / stakeholders (e.g., local communities and NGOs) in developing and implementing guidelines and models for forest and land conservation, rehabilitation or alternative uses in areas unsuitable for development.</li> <li>• make sure to have a supply chain certification scheme in place for sustainable soy derivatives and aims to have likewise for other forest-risk commodities.</li> </ul>

	<ul style="list-style-type: none"> <li>• No sourcing of illegally produced and/or traded forest risk commodities</li> <li>• No sourcing of forest risk commodities from unknown/control sources</li> <li>• Collaborate in landscapes/jurisdictions to progress shared sustainable land use goals</li> <li>• Implementation of Nature-based Solutions that support landscape restoration and long-term protection of natural ecosystems</li> <li>• Build community capacity and incentivize engagement in multi-stakeholder processes</li> </ul>							<ul style="list-style-type: none"> <li>• implement systems that enable transparency as well as traceability along the value chain across the different forest-risk commodities.</li> </ul> <p>EXAMPLES:</p> <p>1) Bayer aims for zero net deforestation in our supply chain – and will encourage our licensees to do the same. As the most prominent example, we will ensure 100% compliance with the Brazilian Forest Code in our production fields.</p> <p>2) We are committed to using Bayer's expertise and technologies to support Brazil's goal of restoring 12 million hectares of native forest by 2030.</p> <p>2) We are committed to reinforce regenerative agriculture and sustainable production practices of forest-risk commodities. With our PRO Carbono Commodities, we have started an ambitious no deforestation and no conversion project that will help increase the feedstock of DCF-certified soy feedstock.</p> <p>3) On an operational level, Crop Science also cooperates 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.</p> <p>4) With our ForwardFarming programs for example in the Brazilian Cerrados, Bayer trains and educats farmers with sustainable practices (<a href="https://www.cropsscience.bayer.com/people-planet/forwardfarming/nossa-senhora-aparecida">https://www.cropscience.bayer.com/people-planet/forwardfarming/nossa-senhora-aparecida</a>).</p> <p>5) Bayer's current Platform, Impulso Bayer (185,000 customers) has the potential to recognize and reward farmers compliance with the Brazilian Forest Code. Building on Bayer's PRO Carbono initiative, Brazil Impulso Bayer Green seeks to reward sustainable-conscious farmers via access to additional benefits on top of services already available covering the entire spectrum of Bayer's business in Brazil.</p> <p>In line with EU-No-Deforestation, our cut-off date is Dec 31, 2020.</p>
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[Add Row]

# F5 Business strategy

## Strategic plan

### (F5.1) Are forests-related issues integrated into any aspects of your long-term strategic business plan, and if so how?

0	1	2	3
Aspect of strategy	Are forests-related issues integrated?	Long-term time horizon (years)	Please explain
Long-term business objectives	<ul style="list-style-type: none"> <li>Yes, forests-related issues are integrated</li> </ul>	<ul style="list-style-type: none"> <li>5-10</li> </ul>	<p>i) COMPANY-SPECIFIC DESCRIPTION OF LONG-TERM BUSINESS OBJECTIVES:            In focusing our long-term business objectives on sustainability, we have set our own targets for 2030 that will make a relevant contribution to achieving the UN Development Goals – based on our core competencies, this means in particular combating hunger (SDG 2) and promoting health (SDG 3). However, we will also work resolutely toward promoting gender equality (SDG 5), reducing greenhouse gases, tackling climate change (SDG 13) and supporting life on land (SDG 15). Through the establishment of sustainability goals, we included FOREST-RELATED ISSUES into our long-term non-financial business objectives (e.g. in supplier management or resource efficiency). For instance, we set the target for ZERO NET DEFORESTATION in our supply chain – and will encourage our licensees to do the same. As the most prominent example, we will ensure 100% COMPLIANCE WITH THE BRAZILIAN FOREST CODE in our production fields. We are committed to using Bayer's expertise and technologies to support Brazil's goal of restoring twelve million hectares of native forest by 2030. Another objective is the commitment to become CLIMATE NEUTRAL IN OUR OWN OPERATIONS BY 2030. To accomplish this, we will offset part of our emissions through investments in reforestation projects.</p> <p>In line with Bayer's vision "Health for all, hunger for none" we are aware that millions of people rely on forests for food security, livelihoods, and energy sources. This is WHY we are seeking to address the drivers of deforestation and forest degradation beyond the next 10 years (consistent with the long-term time horizon) and apply our long-term business objectives to all our disclosed commodities. Our FOREST-RELATED ambitions and principles are defined in the Bayer Position on Deforestation and Forest Degradation.</p> <p>ii) EXAMPLE:            An example of forest-related actions taken that align with the strategic business plan: We support sustainable production of soy as a purchaser of soy derivatives. With our PRO Carbono Commodity initiative, we guarantee that production was carried out in a deforestation-free area. In 2022, soybean production of 10 Brazilian growers located at the Cerrado and Amazon biomes, in a total area of 159,000 hectares, has started to produce the first batch of 240.000 t DCF-certified soy.</p>



<p>Strategy for long-term objectives</p>	<ul style="list-style-type: none"> <li>• Yes, forests-related issues are integrated</li> </ul>	<ul style="list-style-type: none"> <li>• 5-10</li> </ul>	<p>i) COMPANY-SPECIFIC DESCRIPTION OF STRATEGY TO ACHIEVE LONG-TERM OBJECTIVES:  Through the establishment of sustainability goals, we included FOREST-RELATED ISSUES into our long-term non-financial business objectives. FOREST-RELATED ISSUES, as part of climate-change considerations, are factored into new product development and therewith have an IMPACT on our strategy for achieving long-term business objectives. Our FOREST-RELATED ambitions and principles are defined in the Bayer “Position on Deforestation and Forest Degradation”. To achieve our long-term objectives, we have launched the global initiative “Bayer Forest Protection” in 2022,. The aim is to increase our positive impact on the agricultural chain and taking a leading role in forests and biomes protection. As a program, we have established five action fronts divided into two pillars. The first one is to create new tools to encourage forest protection, through which we intend to establish new commercial incentives, improve our internal policies and traceability systems, and expand our participation in multi-sectoral coalitions to build collective actions. Whereas in the second pillar, we aim to value standing forests together with those interested in the commitment to preserve native vegetation. In addition, we have invested in another front to build commercial business models through which we support growers to produce low-carbon, deforestation-free grains and create opportunities for industry to achieve their goals to either reduce or offset carbon emissions.</p> <p>ii) EXAMPLE:  To achieve Bayer’s target for ZERO NET DEFORESTATION in our supply chain, one example is our Carbon Initiative where we integrate agricultural business strategy with incentives for farmers to protect forests. Furthermore, we created a new business model “PRO Carbono Commodities” to increase the feedstock of DCF-certified soy. The initiative is the first to be made public under a global program launched by the company to develop its sustainability strategy, the “Bayer Forest Protection”, which aims to demonstrate how agribusiness can be part of the solution to climate change and preserve biodiversity. This is an example how we long term want to build up business models integrating sustainability for regenerative agriculture.</p>
<p>Financial planning</p>	<ul style="list-style-type: none"> <li>• Yes, forests-related issues are integrated</li> </ul>	<ul style="list-style-type: none"> <li>• 5-10</li> </ul>	<p>i) COMPANY-SPECIFIC DESCRIPTION OF FINANCIAL PLANNING:  Through the establishment of sustainability goals we included forest-related topics into our financial planning. As stated above, FOREST-RELATED ISSUES, as part of climate change considerations, are factored into new product development and therewith have an IMPACT on our strategy AND FINANCIAL PLANNING for achieving long-term business objectives. Sustainability is anchored within our core business strategy, therefore this is an integral part of our financial planning. Bayer’s 2022 R&amp;D investment of EUR 2.876 billion in our Crop Science division is unparalleled in the industry, leading to a robust innovation pipeline spanning seeds and trait technologies, crop protection and digital solutions. We promote the sustainable intensification of farming through innovative, ever more productive crops. This allows farmers to produce more food from the same amount of farmland. In this way, we play an important role in reducing deforestation.</p> <p>ii) EXAMPLE:  Sustainability including FOREST-RELATED ISSUES are integrated into our financial planning, e.g. certificates, reforestation projects (carbon removal projects). We have committed to offset remaining emissions by 2030 and finance offsets already today. Based on our business purpose, we focus on nature-based solutions relating to forest and agriculture. Further information can be found in our Offsetting Approach: <a href="https://www.bayer.com/en/sustainability/climate-protection">https://www.bayer.com/en/sustainability/climate-protection</a>.  Another example of how FOREST-RELATED ISSUES are integrated in Bayer’s financial planning is our our carbon sequestration program which includes sustainable agricultural practices but also forest protection elements. This program is at the core of our financial planning as we are building new business models around this.</p>

# F6 Implementation

## Targets

**(F6.1) Did you have any forests-related timebound and quantifiable targets that were active during the reporting year?**

- Yes

**(F6.1a) Provide details of your forests-related timebound and quantifiable target(s), and progress made.**

1	2	3	4	5	6	7	8	
Target reference number	Forest risk commodity	Year target was set	Target coverage	Target category	Metric	Traceability point*	Third-party certification scheme*	
Target 1	<ul style="list-style-type: none"> <li>• Palm oil</li> </ul>	2021	<ul style="list-style-type: none"> <li>• Company-wide</li> </ul>	<ul style="list-style-type: none"> <li>• Third-party certification</li> </ul>	<ul style="list-style-type: none"> <li>• % of volume third-party certified</li> </ul>	Country or First importer	<ul style="list-style-type: none"> <li>• RSPO Mass Balance</li> </ul>	
Target 2	<ul style="list-style-type: none"> <li>• Soy</li> </ul>	2021	<ul style="list-style-type: none"> <li>• Company-wide</li> </ul>	<ul style="list-style-type: none"> <li>• Third-party certification</li> </ul>	<ul style="list-style-type: none"> <li>• % of volume third-party certified</li> </ul>	Country or First importer	<ul style="list-style-type: none"> <li>• RTRS Credits</li> </ul>	
9	10	11	12	13	14	15	16	17
Base year	Base year figure	Target year	Target year figure	Reporting year figure	% of target achieved relative to base year [auto-calculated]	Target status in reporting year	Is this target linked to a commitment?	Please explain
2020	0	2027	100	19	19%	<ul style="list-style-type: none"> <li>• Underway</li> </ul>	Zero net/gross deforestation	In 2021, 1% of our purchased quantities were RSPO Mass Balance certified. In 2022, we have achieved 19% Mass Balance certification. We have been reaching out to all our suppliers to change contracts and include the requirements to deliver Mass Balance. Only a limited number of suppliers can deliver Mass Balance quality. The current situation limits the availability even further. Due to these difficulties in the market environment and supplier engagement, the 19% target achievement has been a great success, still knowing that improvements are needed.

								<p><b>WHY PARTICULAR TARGET WAS CHOSEN:</b>  In 2021, Bayer has decided to move from the credit system towards the RSPO Supply Chain Certification, the RSPO Mass Balance Certification BECAUSE we support the certified sustainable production of these raw materials as a purchaser of plant oil derivatives, which is especially important in Southeast Asia but also other regions. We are member of the renowned organization "Roundtable on Sustainable Palm Oil" (RSPO), and since 2017 we bought RSPO-credits according to the quantities we use. The financial value of these credits rewards farmers who undertake to grow palm oil in a legal and ecologically, socially and economically sustainable way and who demonstrate this as part of an audited certification process.</p> <p><b>PLAN TO ACHIEVE THIS TARGET:</b>  In 2021, we have reviewed our activities, revised our strategy, and included the Accountability Framework as a fundamental tool for further developments. We are continuously working to increase the transparency and traceability into the value chain. We have made substantial progress with our supplier engagement. At this point in time, we were not able to gain further information from our supplier on the state or jurisdictional origin. Our aim for the next years is to intensify this exchange and to increase transparency as well as traceability. We continue to work closely with our suppliers and develop together the capabilities to achieve the target. We understand the complexity of our value chains, and therefore we have set a gradual increase in our Mass Balance certified purchased volumes for the next few years: In 2023 we want to achieve 60%, in 2024 70%, in 2025 80%, in 2026 90% and in 2027 almost 100% certified sustainable palm (kernel) oil.</p>
2017	0	2022	100	100	100%	<ul style="list-style-type: none"> <li>Achieved</li> </ul>	<ul style="list-style-type: none"> <li>Zero net/gross deforestation</li> </ul>	<p>In 2022, we purchased for 100% of our quantities RTRS Credits and therefore reached our target.</p> <p><b>WHY PARTICULAR TARGET WAS CHOSEN:</b>  With regard to soy derivatives, we support the certified sustainable production of these raw materials as a purchaser of soy derivatives, which is especially important in South America. We are member of the renowned organization Round Table on Responsible Soy" (RTRS) and purchase so-called "credits" according to the quantities we use. The financial value of these credits rewards farmers who undertake to grow soy in a legal and ecologically, socially and economically sustainable way and who demonstrate this as part of an audited certification process. In our engagement we focus on activities with the highest value. As a purchaser of derivatives we therefore focus on our engagements within the value chain and continue to collaborate with</p>

								<p>our suppliers to increase sustainable production and once available we would like to switch towards a supply chain certification scheme. As an agricultural company we focus especially on the fields. Through our country organization, we establish contact with farmers and mills to purchase the credits from, therefore we ensure that the financial value of the credits directly arrive and supports sustainable behavior. At the same time, Bayer support RTRS with local activities and partnerships along the value chain to promote certification as well as execute projects.</p> <p>OUTLOOK: Bayer's division Crop Science also cooperates with the RTRS to continue providing mutual support in the certification of Brazilian soybean producers according to the high ecological, social and economic criteria of the RTRS. With our PRO Carbono Commodity initiative, Bayer will help increase DCF-certified soy feedstock in the future.</p>
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## Traceability

### (F6.2) Do you have traceability system(s) in place to track and monitor the origin of your disclosed commodity(ies)?

0	1	2	3	4	5
Forest risk commodity	Do you have system(s) in place?	Supply chain coverage*	Description of traceability system	Exclusions	Description of exclusion
Palm oil	<ul style="list-style-type: none"> <li>Yes</li> </ul>	<ul style="list-style-type: none"> <li>Volume from direct suppliers only</li> </ul>	In 2020, Bayer has started to reach out to all suppliers of palm oil derivatives to understand the capabilities, certification, policies and point of origin. At the current point of the disclosure, we have advanced with many suppliers and understand the country of origin. The % of total consumption volume stated in F6.2a are the result of our engagement project. In the future years, we will try to intensify our efforts. Additionally, to the supplier engagement project, we have sound policies, supplier audits, Supplier Code of Conduct, development interactions in place. We face some limitations, as our suppliers are not able to provide us comprehensive information due to the complex supply chain.	<ul style="list-style-type: none"> <li>N/A</li> </ul>	<ul style="list-style-type: none"> <li>N/A</li> </ul>
Soy	<ul style="list-style-type: none"> <li>Yes</li> </ul>	<ul style="list-style-type: none"> <li>Volume from direct and indirect suppliers</li> </ul>	In 2022, we have reached out to the main supplier of our soy derivatives to understand the capabilities, certification, policies and point of origin. At the current point of the disclosure, we can only disclose on the country level. Therefore, we achieved progress regarding traceability, but this needs to be accelerated. This is WHY Bayer launched the PRO Carbono Commodities program in	<ul style="list-style-type: none"> <li>N/A</li> </ul>	<ul style="list-style-type: none"> <li>N/A</li> </ul>

		<p>2022. The shipment of soybean produced with a measured footprint is audited by Bureau Veritas, as an independent third party, and delivered to ADM with origin qualification, containing traceable information on production and calculation of emissions, and in accordance with socio-environmental standards. In this way, it includes assessment of non-overlapping with indigenous or quilombola lands and conservation units, slave labor list, list of areas embargoed by environmental authorities (IBAMA, SEMA, and ICMBio), as well as environmental compliance with the Forest Code and assessments from the Rural Environmental Registry (CAR). By providing traceability information via QR code, Bayer provides greater transparency about the origin of the grains for the entire chain, going beyond what is available in the market so far.</p>		
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**(F6.2a) Provide details on the level of traceability your organization has for its disclosed commodity(ies).**

1	2	3	4
Forest risk commodity	Point to which commodity is traceable	Countries/areas to which this traceability point applies*	% of total production/consumption volume traceable
Palm oil	<ul style="list-style-type: none"> <li>Country</li> </ul>	Indonesia, Malaysia	33
Palm oil	<ul style="list-style-type: none"> <li>Not traceable</li> </ul>	N/A	67
Soy	<ul style="list-style-type: none"> <li>Country</li> </ul>	Brazil	76
Soy	<ul style="list-style-type: none"> <li>No traceable</li> </ul>	N/A	24

## Certification

**(F6.3) Have you adopted any third-party certification scheme(s) for your disclosed commodity(ies)?**

0	1	2
Forest risk commodity	Third-party certification scheme adopted?	% of total production and/or consumption volume certified*
Palm oil	<ul style="list-style-type: none"> <li>Yes</li> </ul>	19
Soy	<ul style="list-style-type: none"> <li>Yes</li> </ul>	100

**(F6.3a) Provide a detailed breakdown of the volume and percentage of your production and/or consumption by certification scheme.**

1	2	3	4	5
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Forest risk commodity	Third-party certification scheme	Chain-of-custody model used*	% of total production/consumption volume certified*	Form of commodity*
Palm oil	<ul style="list-style-type: none"> <li>• RSPO Mass Balance</li> </ul>	<ul style="list-style-type: none"> <li>• N/A</li> </ul>	19	<ul style="list-style-type: none"> <li>• Palm kernel oil derivatives</li> </ul>
Soy	<ul style="list-style-type: none"> <li>• RTRS Credits</li> </ul>	<ul style="list-style-type: none"> <li>• N/A</li> </ul>	100	<ul style="list-style-type: none"> <li>• Soy derivatives</li> </ul>
6	7	8	9	10
Volume of production/consumption certified*	Metric for volume*	Is this certified by more than one scheme?	Is embedded soy certified through this scheme?*	Please explain
2,935	<ul style="list-style-type: none"> <li>• Metric tons</li> </ul>	<ul style="list-style-type: none"> <li>• No</li> </ul>	<ul style="list-style-type: none"> <li>• No</li> </ul>	<p><b>ACTIONS TO IMPROVE OR MAINTAIN THE THIRD-PARTY CERTIFICATION SYSTEM:</b>            In the areas of palm oil, we support the certified sustainable production of these raw materials as a purchaser of plant oil derivatives, which is especially important in Southeast Asia. We are member of the renowned organization "Roundtable on Sustainable Palm Oil" (RSPO) and purchase RSPO Mass Balance certified palm oil. The system rewards farmers and the supply chain who undertake to grow palm oil in a legal and ecologically, socially and economically sustainable way and who demonstrate this as part of an audited certification process. We yearly review our activities regarding the RSPO membership. 2021 marked the transition year for Bayer. We have reviewed our activities, revised our strategy, and included the Accountability Framework as a fundamental tool for further developments. We have decided to move from the credit system towards the RSPO Supply Chain Certification, primarily the RSPO Mass Balance Certification. We are continuing our supplier interactions and aim to switch towards the Mass Balance Certification. We have set ambitious targets and continue to engage with our suppliers. In 2022, we have achieved 19% of mass balance. This is a great achievement with respect to the current market environment, still this must be accelerated. We are facing various difficulties along the way, especially with regards the availability of certified materials.</p> <p><b>OUTLOOK:</b>            We are continuously working to increase the transparency and traceability into the value chain and have made substantial progress with our supplier engagement. At this point in time, we were not able to gain further information from our supplier on the country, state or jurisdictional origin. Our aim for the next years is to intensify this exchange and to increase transparency as well as traceability.</p>
11,930	<ul style="list-style-type: none"> <li>• Metric tons</li> </ul>	<ul style="list-style-type: none"> <li>• No</li> </ul>	<ul style="list-style-type: none"> <li>• No</li> </ul>	<p><b>ACTIONS TO IMPROVE OR MAINTAIN THE THIRD-PARTY CERTIFICATION SYSTEM:</b>            In the areas of soy, we support the certified sustainable production of these raw materials as a purchaser of soy derivatives, which is especially important in South America. We are member of the renowned organization "Round Table on Responsible Soy" (RTRS) and purchase so-called "credits" according to the quantities we use. We yearly review our activities regarding the RTRS membership and book &amp; claim process certification. As well as our product portfolio and volumes.</p> <p>Since availability of certified sustainable soy still is limited and the complex value chain still remains challenging for traceability in our supply chain, Bayer is pioneering new business models to increase</p>

				<p>certified sustainable soy feedstock. With our PRO Carbono Commodities in Brazil, the first shipment of 240,000 t of soybeans have been produced during 2022 with carbon footprint, traceability and free of deforestation. The shipment of soybean produced with a measured footprint is audited by Bureau Veritas and delivered to ADM with origin qualification, containing traceable information on production and calculation of emissions, and in accordance with socio-environmental standards. In this way, it includes assessment of non-overlapping with indigenous or quilombola lands and conservation units, slave labor list, list of areas embargoed by environmental authorities (IBAMA, SEMA, and ICMBio), as well as environmental compliance with the Forest Code and assessments from the Rural Environmental Registry (CAR). With a traceability system via QR Code and blockchain, Bayer provides greater transparency about the origin of the grains for the entire chain, going beyond what is currently available on the market.</p> <p>OUTLOOK: Starting next crop season, we will be able to make low-carbon products with a measured footprint available to the market. We will do this on a large scale, based on our knowledge of the soy business, and we will go a step further, through traceability, to analyze the emissions of the commodities delivered. By doing so, we can clearly see our impact on the value chain, enabling growers to reduce emissions on their farms through sustainable agriculture. As we are purchasing only soy derivatives, we cannot purchase the volumes which are certified under the PRO Carbono Commodities program.</p>
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## Control systems

### (F6.4) For your disclosed commodity(ies), do you have a system to control, monitor, or verify compliance with no conversion and/or no deforestation commitments?

0	1	2
Forest risk commodity	A system to control, monitor or verify compliance	Comment
Palm oil	<ul style="list-style-type: none"> <li>No, but we plan to develop one within the next two years</li> </ul>	<p>As Bayer purchases only a very limited amount from various palm oil derivate suppliers within mostly various upstream suppliers, Bayer cannot verify and trace no conversion or zero net deforestation of palm oil derivatives. Through the Bayer policies (e.g. SCoC), Bayers initiatives (e.g. Brazilian forest coalition) and our voluntary activities (e.g. EcoVadis assessment) we want to minimize the risk of conversion and deforestation. Through a special assessment of our suppliers of palm oil derivatives, we know that some of our suppliers are already using RSPO MASS BALANCING or RSPO IDENTITY PRECERVED / SEGREGATED certifications. So far, we still are not able to get the right level of information. Additionally, we use a risk-based approach. In case of indications for misalignment to our policies, we will start further detailed investigations.</p> <p>OUTLOOK: Especially with the new EU-No-Deforestation policy, we will strengthen our system.</p>
Soy	<ul style="list-style-type: none"> <li>No, but we plan to develop one within the next two years</li> </ul>	<p>As Bayer purchases only a very limited amount from various soy derivate suppliers within mostly various upstream suppliers, Bayer cannot verify and trace no conversation or zero net deforestation for soy derivatives. Through the Bayer policies (e.g. SCoC), Bayers initiatives (e.g. Brazilian forest coalition) and our voluntary activities (e.g. EcoVadis assessment) we want to minimize the risk of conversation and deforestation. We use a risk-based approach. In case of indications for misalignment to our policies, we will start further detailed investigations.</p>

	<p>OUTLOOK: Within our downstream operations, with the Bayer PRO Carbono Commodity business model for soy, we will provide DCF-certified soy for the market and will continue to enable a fully functional traceability system. As we are revising the soy strategy, we plan to verify, control and monitor compliance. Especially, with the new EU-No-Deforestation policy we will strengthen our system. As we are purchasing only soy derivatives, we cannot purchase the volumes which are certified under the PRO Carbono Commodities program.</p>
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## Legal compliance

**(F6.6) For your disclosed commodity(ies), indicate if you assess your own compliance and/or the compliance of your suppliers with forest regulations and/or mandatory standards.**

0	1	2
Forest risk commodity	Assess legal compliance with forest regulations	Comment
Palm oil	<ul style="list-style-type: none"> <li>Yes, from suppliers</li> </ul>	N/A
Soy	<ul style="list-style-type: none"> <li>Yes, from suppliers</li> </ul>	N/A

**(F6.6a) For your disclosed commodity(ies), indicate how you ensure legal compliance with forest regulations and/or mandatory standards.**

0	1	2	3	4
Forest risk commodity	Procedure to ensure legal compliance	Country/Area of origin	Law and/or mandatory standard(s)	Comment
Palm oil	<p><b>DESCRIPTION OF THE PROCEDURES FOLLOWED TO ENSURE LEGAL COMPLIANCE:</b>            At Bayer we firmly believe that compliance is our license to operate worldwide. We expect all our suppliers to adhere to all applicable laws, compliance regulations, ethical expectations, and regulations. Procurement includes our Corporate Compliance Policy in addition to local legal requirements, contractual obligations, and corporate regulations. On top of this, we go beyond legal compliance and require all our suppliers to ensure adherence to the Bayer Supplier Code of Conduct. Focusing on compliant behavior at an early stage of the business, enables us to operate successfully and sustainably. We all share the aim of providing people with innovative solutions that improve the quality of life.            Further information can be found at our compliance website: <a href="https://www.bayer.com/en/corporate-compliance/corporate-compliance-policy">https://www.bayer.com/en/corporate-compliance/corporate-compliance-policy</a>.</p> <p><b>METHODS AND TOOLS:</b>            We have sound policies and procedures in place to set up contracts with our suppliers. The central piece of our contracts is to ensure legal compliance and adherence to mandatory standards. On top of this, we go</p>	<ul style="list-style-type: none"> <li>Indonesia</li> <li>Malaysia</li> </ul>	<ul style="list-style-type: none"> <li>ISPO</li> <li>MSPO</li> </ul>	<p>We do not have own managed land with regard to palm oil. We source our palm oil derivatives from the major suppliers who are all very active with regards to sustainability. All other supplier relationships and contracts are based on legal compliance, mandatory standards and our Supplier Code of Conduct. As we only have traceability for the countries Indonesia and Malaysia, we answer this question with that specific focus.</p>



	<p>beyond legal compliance and require all our suppliers to ensure adherence to the Bayer Supplier Code of Conduct. In 2020, we started a project to assess the quality of our suppliers and to make sure that they have policies to protect forests implemented. In 2022, we were continuing this project and trying to improve our activities. Additionally, with our risk-based procurement process, we regularly check all suppliers and conduct development activities. The switch towards the RSPO Mass Balance Certification will allow us to further follow up with our suppliers and understand the exposure to deforestation.</p> <p><b>EXPLANATION WHY THE PROCEDURES IN PLACE ARE SUFFICIENT TO ENSURE LEGAL COMPLIANCE:</b> Despite our contracts securing legal compliance of our suppliers, part of our Supplier Code of Conduct is, that also suppliers shall implement effective management systems and a governance structure to facilitate compliance with all applicable laws and promote continuous improvement with respect to the expectations set forth in this Supplier Code of Conduct.</p>			
Soy	<p><b>DESCRIPTION OF THE PROCEDURES FOLLOWED TO ENSURE LEGAL COMPLIANCE:</b> At Bayer we firmly believe that compliance is our license to operate worldwide. We expect all our suppliers to adhere to all applicable laws, compliance regulations, ethical expectations and regulations. Procurement includes our Corporate Compliance Policy in addition to local legal requirements, contractual obligations and corporate regulations. On top of this, we go beyond legal compliance and require all our suppliers to ensure adherence to the Bayer SCoC. Focusing on compliant behavior at an early stage of the business, enables us to operate successfully and sustainably.</p> <p>Furthermore, we believe that not only the upstream but also actions within our influence downstream are of high importance. With our PRO Carbono Commodity initiative in Brazil, 240,000 tons of soy was produced during 2022 by 10 Brazilian growers located at the Cerrado and Amazon biomes, in a total area of 159,000 hectares. The shipment of soybean produced with a measured footprint is audited by Bureau Veritas and delivered to ADM with origin qualification, containing traceable information on production and calculation of emissions, and in accordance with socio-environmental standarts. In this way, it includes assessment of non-overlapping with indigenous or quilombola lands and conservation units, slave labor list, list of areas embargoed by environmental authorities (IBAMA, SEMA, and ICMBio), as well as environmental compliance with the Forest Code and assessments from the Rural Environmental Registry (CAR).</p> <p><b>METHODS AND TOOLS:</b> We have sound policies, procedures but also business models in place to set up activities with our suppliers and the value chain. The central piece is to ensure legal compliance and adherence to mandatory standards. In 2020, we started a project to assess the quality of our suppliers and to make sure that they have policies to protect forests implemented. During 2022, we continued this project and improved our activities. Additionally, with our risk-based procurement process, we regularly check all suppliers and conduct development activities.</p> <p><b>EXPLANATION WHY THE PROCEDURES IN PLACE ARE SUFFICIENT TO ENSURE LEGAL COMPLIANCE:</b> For our value chain interactions, we are working together with various bodies and in line with various standards to push for sustainable agriculture.</p>	<ul style="list-style-type: none"> <li>• Brazil</li> </ul>	<ul style="list-style-type: none"> <li>• Brazilian Forest Code</li> </ul>	<p>We do not have own managed land with regard to soy. We source our soy derivatives from the major suppliers who are all very active with regards to sustainability. All other supplier relationships and contracts are based on legal compliance, mandatory standards and our Supplier Code of Conduct. Based on our investigations with our Tier 1 suppliers, we assume that most of our consumption volume originates from Brazil. This is why we answer this question with that specific focus.</p>

# Engagement

## (F6.7) Are you working with smallholders to support good agricultural practices and reduce deforestation and/or conversion of natural ecosystems?

0	1	2	3	4	5
Forest risk commodity	Are you working with smallholders?	Type of smallholder engagement approach	Smallholder engagement approach	Number of smallholders engaged	Please explain
Palm oil	<ul style="list-style-type: none"> <li>Yes, working with smallholders</li> </ul>	<ul style="list-style-type: none"> <li>Capacity building</li> <li>Financial and commercial incentives</li> </ul>	<ul style="list-style-type: none"> <li>Offering on-site technical assistance and extension services</li> <li>Providing agricultural inputs</li> <li>Organizing capacity building events</li> <li>Investing in pilot projects</li> <li>Financial incentives for certified products</li> </ul>	52,000,000	<p>i) MAIN STRATEGY OF ENGAGEMENT: More than 500 million smallholder farmers provide eighty percent of the food for communities in Asia, Africa, and South America. Our activities are not primarily palm oil specific, but go beyond. Our products, technologies and services already support around 52 million smallholder farmers in LMICs. At Bayer, we want to empower more than a 100 million smallholder farmers by 2030 in developing countries around the world by providing more access to agricultural solutions that are sustainable. We aim to empower them through partnerships and innovative solutions that expand agricultural know-how to address their issues. We believe that the increase in productivity will decrease the need to convert forest into agricultural land or to find additional income in forest exploitation. In 2022, approx. 2,800,000 smallholder farmers in Indonesia were engaged via our smallholder activities.</p> <p>ii) EXAMPLE: a) Training programs, like BayG.A.P., teach smallholder farmers the best management and agriculture practices, including safe use of pesticides, compliance with international trade rules, and how to access local partnerships and outreach efforts. Bayer offers targeted training measures worldwide with a focus on countries where no, or only limited legal requirements, such as certification schemes for operators, are in place. b) With our ForwardFarming and our smallholder engagement programs for example in the Brazilian Cerrados, Bayer trains and educated farmers with sustainable practices, protecting people, preserving the environment, and improving the crop. In 2022, 500,000 smallholder farmers participated in Brazil. c) We have roughly 70 Food Chain managers. These experts want to broaden our network and bring its benefits to more people — particularly in helping cultivate new opportunities for smallholder farmers. Certifications are key for farmers today, but many farmers lack knowledge and skills to successfully market their produce.</p>
Soy	<ul style="list-style-type: none"> <li>Yes, working with smallholders</li> </ul>	<ul style="list-style-type: none"> <li>Capacity building</li> <li>Financial and commercial incentives</li> </ul>	<ul style="list-style-type: none"> <li>Offering on-site technical assistance and extension services</li> </ul>	52,000,000	<p>i) MAIN STRATEGY OF ENGAGEMENT: More than 500 million smallholder farmers provide eighty percent of the food for communities in Asia, Africa, and South America. Our activities are not primarily soy specific, but go beyond. Our products, technologies and services already support around 52 million smallholder farmers in LMICs. At Bayer, we want to empower more than a 100 million smallholder farmers by 2030 in</p>

			<ul style="list-style-type: none"> <li>• Providing agricultural inputs</li> <li>• Organizing capacity building events</li> <li>• Investing in pilot projects</li> <li>• Financial incentives for certified products</li> <li>• Long term contracts linked to forest related commitments</li> </ul>	<p>developing countries around the world by providing more access to agricultural solutions that are sustainable. We aim to empower them through collaborative partnerships and innovative solutions that expand agricultural know-how to address their most challenging issues. We believe that the increase in productivity will decrease the need to convert forest into agricultural land or to find additional income in forest exploitation. In 2022, around 500,000 smallholder farmers participated in engagement programs in Brazil.</p> <p>ii) EXAMPLE:</p> <p>a) Training programs, like BayG.A.P. teach smallholder farmers the best management and agriculture practices, including safe use of pesticides, compliance with international trade rules, and how to access local partnerships and outreach efforts. Bayer offers targeted training measures worldwide with a focus on countries where no, or only limited legal requirements, such as certification schemes for operators, are in place.</p> <p>b) We have established dedicated programs for soy farmer trainings and certifications in Brazil, e.g., Bayer &amp; Cefetra program.</p> <p>c) With our ForwardFarming and our smallholder engagement programs for example in the Brazilian Cerrados, Bayer trains and educated farmers with sustainable practices, protecting people, preserving the environment, and improving the crop.</p> <p>d) Through our Better Life Farming Program, we furthermore support smallholders in the different areas of the world.</p> <p>e) We have roughly 70 Food Chain managers. These experts want to broaden our network and bring its benefits to more people — particularly in helping cultivate new opportunities for smallholder farmers. Certifications are key for farmers today but many farmers lack knowledge and skills to successfully market their produce.</p> <p>f) Bayer's current Platform, Impulso Bayer (185,000 customers) has the potential to recognize and reward farmers compliance with the Brazilian Forest Code. It seeks to reward sustainable-conscious farmers via access to additional benefits on top of services already available covering the entire spectrum of Bayer's business in Brazil, inter alia crop protection, Intacta and Intacta 2 Xtend soybeans.</p>
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**(F6.8) Indicate if you are working with your direct suppliers to drive action on forests-related issues and if so, provide details of the engagement.**

ENG1

1	2	3	4	5	6
Forest risk commodity	Are you working with direct suppliers?	Action(s) on forests-related issues driven by engagement*	Type of engagement*	Details of engagement*	Description of engagement*

<ul style="list-style-type: none"> <li>• Palm oil</li> </ul>	<ul style="list-style-type: none"> <li>• Yes, working with direct suppliers</li> </ul>	<ul style="list-style-type: none"> <li>• Ending deforestation and/or conversion of other ecosystems</li> </ul>	<ul style="list-style-type: none"> <li>• Supply chain mapping</li> <li>• Capacity building</li> <li>• Financial and commercial incentives</li> <li>• Other</li> </ul>	<ul style="list-style-type: none"> <li>• Supplier questionnaires on environmental and social indicators</li> <li>• Developing or distributing supply chain mapping tool</li> <li>• Supplier audits</li> <li>• Offering on-site training and technical assistance</li> </ul>	<p>DETAILS OF SUPPLIER ENGAGEMENT APPROACH:</p> <p><b>Sustainable supplier questionnaire:</b> 100% of our direct suppliers must submit our sustainable supplier questionnaire.</p> <p><b>Supply chain mapping:</b> As we understand that various suppliers operate with different standards, we have started a project to assess the current activities regarding palm oil derivatives of each Tier 1 supplier. During the last months of 2020 and the first months in 2021, we have reached out to all our 40 palm oil derivatives suppliers to understand their level of certification and other activities. The move towards RSPO Mass Balance for palm oil derivatives is one step on this path. We are following up during supplier dialogues to build up capacities, understand activities and increase certification of the production.</p> <p><b>On-site training:</b> In addition, we reach out via our supplier manager and via our local teams in the countries. This program is especially designed for farmers in the countries. We offer a wide range of activities. In 2022, approx. 2,800,000 smallholder farmers in Indonesia were engaged via our smallholder activities.</p>
7	8			9	10
<b>% of suppliers by procurement spend covered by engagement*</b>	<b>Explain the impact of your engagement on the selected action</b>			<b>Is this engagement helping your suppliers engage with their suppliers on the selected action?</b>	<b>Does this engagement contribute to achieving a reported target?</b>
100	<p>i) IMPACT OF ENGAGEMENT: In the area of palm oil, Bayer supports the certified sustainable production of these raw materials. Bayer is a member of the renowned organization RSPO and purchase so-called "credits" and Mass Balance Certificates. As we only purchase plant oil derivatives, the value chains are complex. The Supplier Code of Conduct (SCoC) takes into account the well-established principles of sustainability incl. FOREST that also have been incorporated in some important internal regulations at the Bayer Group:</p> <p>a) Sustainability is a key element of Bayer's values and forms an integral part of our business strategy. b) With its Sustainable Development Policy, Bayer has clearly defined its commitment to the principles of sustainable development. c) Bayer's Group-wide Human Rights Position underscores its efforts to uphold internationally recognized principles in the areas of human rights and working conditions. d) The Corporate Compliance Policy outlines key legal and ethical areas. Our activities are aligned with the elements of the Accountability Framework.</p> <p>ii) EXAMPLE: The SCoC promotes the application of broadly recognized sustainability standards and certifications. Sustainability issues are evaluated through an annual risk evaluation in procurement for all our suppliers. Identified suppliers (based</p>			<ul style="list-style-type: none"> <li>• Yes</li> </ul>	<ul style="list-style-type: none"> <li>• Yes, please specify target ID: 1</li> </ul>

	<p>on country and business category sustainability risks) are validated through an evidence-based assessment (EcoVadis) or physical on-site audit (TfS or PSCI).</p> <p>Specifically for palm oil, we addressed all our major suppliers to further understand their current activities and promote sustainable behavior. As we understand, that various suppliers operate with different standards, we have started a project to assess the current activities regarding palm oil derivatives of each supplier. During the last months of 2020 and the first months in 2021, we have reached out to ALL OUR 40 PALM OIL DERIVATIVES SUPPLIERS to understand their level of certification and other activities. In 2022, we increased our engagement and offered explanation calls for our direct suppliers who were not familiar with the Mass Balance certification and explained our new and future standards.</p> <p>Furthermore, Bayer promotes diversity within the supply chain in the US and Brazil. We account in particular for underrepresented supplier groups such as companies owned or operated by women or members of ethnic minorities.</p>		
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## ENG2

1	2	3	4	5	6
Forest risk commodity	Are you working with direct suppliers?	Action(s) on forests-related issues driven by engagement*	Type of engagement*	Details of engagement*	Description of engagement*
<ul style="list-style-type: none"> <li>• Soy</li> </ul>	<ul style="list-style-type: none"> <li>• Yes, working with direct suppliers</li> </ul>	<ul style="list-style-type: none"> <li>• Ending deforestation and/or conversion of other ecosystems</li> </ul>	<ul style="list-style-type: none"> <li>• Supply chain mapping</li> <li>• Financial and commercial incentives</li> <li>• Other</li> </ul>	<ul style="list-style-type: none"> <li>• Supplier questionnaires on environmental and social indicators</li> <li>• Developing or distributing supply chain mapping tool</li> <li>• Supplier audits</li> <li>• Offering on-site training and technical assistance</li> </ul>	<p>DETAILS OF SUPPLIER ENGAGEMENT APPROACH:</p> <p><b>Sustainable supplier questionnaire:</b> The majority of our direct suppliers (above 75%) must submit our sustainable supplier questionnaire. We continue to engage with suppliers to understand activities and gain insights into the supply chain.</p> <p><b>Supply chain mapping:</b> We have reached out to the top suppliers providing approx. 80% of our soy consumption.</p> <p><b>On-site training:</b> In addition, we reach out via our supplier manager, our business developing teams and via our local teams in the countries. In 2022, around 500,000 smallholder farmers participated in engagement programs in Brazil.</p> <p><b>RTRS Engagement:</b> Via our RTRS engagement and various initiatives like the PRO Carbono Commodities program, we engage with our suppliers and value chain partners to drive sustainable production and certification.</p>
7	8	9	10		
% of suppliers by procurement spend	Explain the impact of your engagement on the selected action	Is this engagement helping your suppliers engage	Does this engagement contribute to		

covered by engagement*		with their suppliers on the selected action?	achieving a reported target?
76	<p>i) IMPACT OF ENGAGEMENT:            In the area of soy Bayer supports the certified sustainable production of these raw materials as a purchaser of soy derivatives, which is especially important in Southeast Asia and South America. Bayer is a member of the renowned organization RTRS and purchase so-called “credits” according to the quantities we use. As we only purchase soy derivatives, the value chains are complex. The Supplier Code of Conduct (SCoC) takes into account the well-established principles of sustainability incl. FOREST that also have been incorporated in some important internal regulations at the Bayer Group:            a) Sustainability is a key element of Bayer’s values and forms an integral part of our business strategy.            b) With its Sustainable Development Policy, Bayer has clearly defined its commitment to the principles of sustainable development.            c) Bayer’s Group-wide Human Rights Position underscores its efforts to uphold internationally recognized principles in the areas of human rights and working conditions. d) The Corporate Compliance Policy outlines key legal and ethical areas.            Our activities are aligned with the elements of the Accountability Framework. We collaborate with our partners and suppliers to further decrease our environmental footprint and set social and ethical standards.</p> <p>ii) EXAMPLE:            The SCoC promotes the application of broadly recognized sustainability standards and certifications. Sustainability issues are evaluated through an annual risk evaluation in procurement for all our suppliers. Identified suppliers (based on country and business category sustainability risks) are validated through an evidence-based assessment (EcoVadis) or physical on-site audit (TfS or PSCI).            Via our RTRS presence we want to encourage all suppliers to follow the certification pathway and increase sustainability within their value chains.            With its comprehensive Supplier Inclusion &amp; Diversity Program, Bayer promotes diversity within the supply chain in the United States and Brazil. In doing so, we account in particular for underrepresented supplier groups such as companies owned or operated by women or members of ethnic minorities.</p> <p>iii) OUTLOOK: Bayer’s objective is formalized to help relevant suppliers achieve positive successes in their sustainability performance over the long term. In addition, we want to shift the focus more toward issues such as CO2 emissions (Scope 3) in the supply chain, our supplier diversity and sustainability assessments at Tier 2 level.</p> <p>iv) With our PRO Carbono Commodities program we want to encourage our suppliers to increase their action and certify their products as no deforestation and low carbon.</p>	<ul style="list-style-type: none"> <li>• Yes</li> </ul>	<ul style="list-style-type: none"> <li>• Yes, please specify target ID: 2</li> </ul>

**(F6.9) Are you working beyond your first-tier supplier(s) to manage and mitigate deforestation risks?**

ENG1

1	2	3	4	5
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Forest risk commodity	Are you working beyond first tier?	Action(s) on forest-related issues driven by engagement*	Type of engagement*	Details of engagement*
<ul style="list-style-type: none"> <li>Palm oil</li> </ul>	<ul style="list-style-type: none"> <li>Yes, working beyond first tier</li> </ul>	<ul style="list-style-type: none"> <li>Ending deforestation and/or conversion of other ecosystems</li> </ul>	<ul style="list-style-type: none"> <li>Capacity building</li> <li>Other</li> </ul>	<ul style="list-style-type: none"> <li>Offering on-site training and technical assistance</li> <li>Participating in workshops</li> <li>Other, please specify: Sustainable Agricultural Competence Center, Supplier Code of Conduct</li> </ul>
6	7	8		
Description of engagement*		Explain the impact of your engagement on the selected action*	Does this engagement contribute to achieving a reported target?*	
<p><b>DETAILS OF SUPPLIER ENGAGEMENT APPROACH:</b></p> <p>Workshops: We are engaging in extensive education programs and making our technologies available for majority of farmers. In 2022, approx. 2,800,000 smallholder farmers in Indonesia were engaged via our smallholder activities.</p> <p>On-site training: We are conducting on site trainings for farmers regularly across all regions. There are different models how and with which methods we train farmers, e.g., ForwardFarming, Sustainable Agricultural Competence Centers, BayG.A.P. In 2022, we offered virtual training, but also resumed on-site training. The flexible approach and use of digital tools enabled us to reach more than 2.7 million external contacts (i.e. farmers, field workers and other stakeholders in the agriculture industry).</p> <p>Supplier Code of Conduct (SCoC): As part of any supplier relation Bayer enforces its Supplier Code of Conduct (SCoC), we expect all suppliers and subcontractors to share the principles which are expressed in this SCoC and that comprise an important component of supplier selection and evaluation. Within this expectation there are three key elements:</p> <ol style="list-style-type: none"> <li>The supplier implements a sustainable policy and objectives.</li> <li>He communicates these principles within its supply chain.</li> <li>The supplier expects its suppliers to comply with its defined sustainability principles.</li> </ol>		<p><b>i) IMPACT OF ENGAGEMENT:</b> In the area of palm oil Bayer supports the certified sustainable production of these raw materials as a purchaser of plant oil derivatives. Bayer uses palm oil derivatives only in a small number of products and derivatives are produced in a very complex value chain. As a leading player in the agricultural industry Bayer takes its responsibility across all different levels serious and concentrates on the actual engagement with farmers who have the highest impact.</p> <p><b>ii) EXAMPLE:</b></p> <ol style="list-style-type: none"> <li>We are conducting on site trainings for farmers regularly across all regions. There are different models how and with which methods we train farmers, e.g., ForwardFarming, Sustainable Agricultural Competence Centers, BayG.A.P. In 2022, we offered virtual training, but also resumed on-site training. The flexible approach and use of digital tools enabled us to reach more than 2.7 million external contacts (i.e. farmers, field workers and other stakeholders in the agriculture industry).</li> <li>As part of any supplier relation Bayer enforces its Supplier Code of Conduct (SCoC), we expect all suppliers and subcontractors to share the principles which are expressed in this SCoC and that comprise an important component of supplier selection and evaluation. Within this expectation there are three key elements: <ol style="list-style-type: none"> <li>The supplier implements a sustainable policy and objectives.</li> <li>He communicates these principles within its supply chain.</li> <li>The supplier expects its suppliers to comply with its defined sustainability principles.</li> </ol> </li> <li>Bayers objective is formalized to help relevant suppliers achieve positive successes in their sustainability performance over the long term. In addition, we want to shift the focus more toward issues such as CO2 emissions (Scope 3) in the supply chain, our supplier diversity and sustainability assessments at Tier 2 level.</li> <li>At Bayer, we're proud to have roughly 70 Food Chain managers to broaden our network and bring its benefits to more people — particularly in helping cultivate new opportunities for smallholder farmers. Certifications are key for farmers today but many farmers lack knowledge and skills to successfully market their produce.</li> </ol>	<ul style="list-style-type: none"> <li>Yes, please specify target ID: 1</li> </ul>	

	iii) OUTLOOK: With our ambitious objective to reach 100 million smallholder farmer in low- and middle-income countries will strengthen our engagement to promote sustainable practices.	
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**ENG2**

1	2	3	4	5
Forest risk commodity	Are you working beyond first tier?	Action(s) on forest-related issues driven by engagement*	Type of engagement*	Details of engagement*
<ul style="list-style-type: none"> <li>Soy</li> </ul>	<ul style="list-style-type: none"> <li>Yes, working beyond first tier</li> </ul>	<ul style="list-style-type: none"> <li>Ending deforestation and/or conversion of other ecosystems</li> <li>Restoring past deforestation and/or conversion of other ecosystems</li> <li>Adopting UN International Labour Organization principles</li> <li>Other, please specify: Low Carbon Products</li> </ul>	<ul style="list-style-type: none"> <li>Supply chain mapping</li> <li>Capacity building</li> <li>Innovation and collaboration</li> <li>Other</li> </ul>	Supply chain mapping <ul style="list-style-type: none"> <li>Developing or distributing supply chain mapping tools</li> <li>Supplier questionnaires on environmental and social indicator</li> <li>On-site meetings with indirect suppliers</li> <li>Supplier audits</li> </ul> Capacity building <ul style="list-style-type: none"> <li>Offering on-site training and technical assistance</li> <li>Disseminating technical materials</li> <li>Participating in workshops</li> <li>Investing in pilot projects</li> </ul> Innovation and collaboration <ul style="list-style-type: none"> <li>Collaborate with suppliers on innovations to reduce forest-related impacts in products and services</li> <li>Encourage suppliers to work collaboratively in sectors, landscapes, or jurisdictions</li> </ul> Other please specify: Low Carbon Products
6			7	8
Description of engagement*			Explain the impact of your engagement on the selected action*	Does this engagement contribute to achieving a reported target?*
<p>We are building new business models and therefore generate income streams for farmers who are applying sustainable actions on the grounds (no-deforestation and low carbon products). We are engaging in extensive education programs and making our technologies available for majority of farmers.</p> <p>With our PRO Carbono Commodity initiative, Bayer is supporting sustainable production in the grain and fibers chains, creating value for farmers who contribute to the preservation of natural vegetation. This way, Bayer, in partnership with other partners, will seek to build solutions to generate a positive impact for nature. In Brazil, we started our engagement with 10 Brazilian farmers</p>			<p>Over the last decades, we have invested in the development of new technologies for crops, which have enabled farmers to increase their production more efficiently and profitably on the same hectare, thereby reducing the need to expand into new productive areas. The use of biotechnologies, genetic improvement, and crop protection, associated with sustainable management practices and digital tools, have proven to achieve a positive impact in building a more sustainable agriculture, optimizing the use of natural resources, improving soil quality, and allowing increased carbon sequestration, among other positive impacts.</p> <p>Innovation has proven to be an important factor to support sustainable agricultural production and to boost production above the expansion of planted area, which has</p>	<ul style="list-style-type: none"> <li>Yes, please specify target ID: 2</li> </ul>



<p>located in the Cerrado and Amazon biomes, on a total area of 159,000 hectares. PRO Carbono Commodities is an expansion of the PRO Carbono program, which started in 2021 with 1,900 Brazilian growers, in which work is done to increase productivity in the field and enhance carbon sequestration in the soil by intensifying regenerative agricultural practices.</p> <p>Within this program, Bayer is engaging with farmers to improve supply chain mapping, capacity building and innovative and regenerative agricultural practices to reduce forest-related impacts. Furthermore, the project assesses the carbon footprint during the entire agricultural phase, from pre-planting to harvesting, and continues through the transportation phase until the delivery of the grain, with information transparency and traceability in order to validate this innovative product within the chain. The shipment of soybean produced with a measured footprint is audited by Bureau Veritas, as an independent third party, and delivered to ADM with origin qualification, containing traceable information on production and calculation of emissions, and in accordance with socio-environmental standards. In this way, it includes assessment of non-overlapping with indigenous or quilombola lands and conservation units, slave labor list, list of areas embargoed by environmental authorities (IBAMA, SEMA, and ICMBio), as well as environmental compliance with the Forest Code and assessments from the Rural Environmental Registry (CAR).</p> <p>Additionally with our various programs we engage on many levels within the value chain. One example is our extensive engagement and training program. In 2022, around 500,000 smallholder farmers participated in engagement programs in Brazil.</p>	<p>an indirect positive effect on forest conservation, but not enough to stop the pressure for deforestation on its own. Therefore, we are investing in our PRO Carbono Commodity project aimed at strengthening our commitment to be agents of transformation in the promotion of an increasingly sustainable agriculture, which generates value from the standing forest.</p>	
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[Add row – row added for each 'Action']

**(F6.10) Do you engage in landscape (including jurisdictional) approaches to progress shared sustainable land use goals?**

1	2	3
Do you engage in landscape/jurisdictional approaches?	Primary reason for not engaging in landscape and/or jurisdictional approaches*	Please explain why your organization does not engage in landscape/jurisdictional approaches, and describe plans to engage in the future.*
<ul style="list-style-type: none"> <li>• Yes, we engage in landscape/ jurisdictional approaches</li> </ul>	N/A	N/A

**(F6.10a) Indicate the criteria you consider when prioritizing landscapes and jurisdictions for engagement in collaborative approaches to sustainable land use and provide an explanation.**

1	2
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Criteria for prioritizing landscapes/jurisdictions for engagement	Explain your process for prioritizing landscapes/jurisdictions for engagement
<ul style="list-style-type: none"> <li>• Ability to contribute to/ build on existing landscape and/or jurisdictional approaches</li> <li>• Access to new markets</li> <li>• Company has operational presence in area</li> <li>• Commodity sourcing footprint</li> <li>• Current and future sourcing risk</li> <li>• Opportunity to build resilience at scale</li> <li>• Opportunity to increase market access for smallholders and local communities</li> <li>• Opportunity for increased human well-being in area</li> <li>• Opportunity to participate in new markets or financing mechanisms for the agricultural sector</li> <li>• Opportunity to protect and restore natural ecosystems</li> <li>• Recognized as priority landscape by credible multi-stakeholder groups</li> <li>• Response to regulation</li> <li>• Response to voluntary sectoral agreement</li> <li>• Risk of deforestation, forests/land degradation, or conversion of other natural ecosystems</li> <li>• Risk of biodiversity loss</li> <li>• Risk of issues related to land tenure rights</li> <li>• Risk of human rights issues</li> <li>• Risk of supplier non-compliance in area</li> <li>• Risk of water stress/shortage</li> <li>• Stakeholder/investor request</li> <li>• Supply of commodities strategically important</li> </ul>	<p>DEFORESTATION is one of the drivers of climate change and biodiversity loss, with complex root causes and land use dynamics. Globally, Bayer has made a public commitment that aims for zero net deforestation in its supply chain. Bayer has expanded its commitment in being a leader in fighting deforestation and has defined an actionable Forest Protection strategy, with a focus on soy and corn in Brazil. Bayer's path to action is supported by two pillars, (1) enabling Forest Protection, and (2) creating value for standing forests.</p> <p>Brazil is accountable for a large share of the global production of food and raw materials, especially when it comes to the production chain of grains and fibers, such as soybeans, corn and cotton, where we believe we can contribute together with farmers and other partners to the transformation of agriculture as part of the solution.</p> <p>We want to prove that agribusiness can be part of the solution in the fight against climate change and in the challenge of preserving biomes. The sector plays a relevant role by sequestering carbon in the soil and by being able to reduce its own emissions, which in turn has an impact on the reduction of the industry's carbon footprint.</p> <p>As a program, we have established five action fronts divided into two pillars. The first one is to create new tools to encourage forest protection, through which we intend to establish new commercial incentives, improve our internal policies and traceability systems, and expand our participation in multi-sectoral coalitions to build collective actions. Whereas in the second pillar, we aim to value standing forests together with those interested in the commitment to preserve native vegetation. We have established a research investment front to broaden the scientific knowledge of the interconnection between agriculture and forest preservation. In addition, we have invested in another front to build commercial business models through which we support growers to produce low-carbon, deforestation-free grains and create opportunities for industry to achieve their goals to either reduce or offset carbon emissions.</p>

**(F6.10b) Provide details of your engagement with landscape/jurisdictional approaches to sustainable land use during the reporting year.**

1	2	3	4	5
Landscape/ Jurisdiction ID	Country/Area	Name of landscape or jurisdiction area	Types of partners engaged in the initiative design and implementation	Type of engagement
LJ1	<ul style="list-style-type: none"> <li>• Brazil</li> </ul>	Sorriso	<ul style="list-style-type: none"> <li>• International civil society organization(s)</li> <li>• Local communities</li> <li>• Local producers/smallholder</li> <li>• International company(ies)</li> <li>• National/local company(ies)</li> <li>• Direct supplier(s)</li> <li>• Indirect supplier(s)</li> </ul>	<ul style="list-style-type: none"> <li>• Convener: High level of engagement in set-up, design, management and implementation</li> <li>• Partner: Shared responsibility in the implementation of multiple goals</li> <li>• Supporter: Implement activities to support at least one goal</li> </ul>

6	7	8	9	10
Goals supported by engagement	Company actions supporting approach	Description of engagement	Engagement start year	Engagement end year
<ul style="list-style-type: none"> <li>Reliable commodity traceability and landscape monitoring/data collection system(s)</li> <li>Improved rate of carbon sequestration (e.g., through restoration)</li> <li>Decreased ecosystem degradation rate</li> <li>Avoided deforestation/conversion of other natural ecosystems</li> <li>Forest fires monitored and prevented</li> <li>Respect, protect, and fulfil human rights</li> <li>Improved standard of living, especially for vulnerable and/or marginalized groups</li> <li>Rights to land and resources recognized and protected, and related conflicts reduced.</li> <li>Improved business models that enable inclusion (including smallholders)</li> <li>Improved capacity for community engagement in multi-stakeholder processes</li> <li>Implementation of livelihood activities/practices that reduce pressure on forests</li> </ul>	<ul style="list-style-type: none"> <li>Identify and act on opportunities for pre-competitive collaboration with your sector</li> <li>Capacity building for farmers, smallholders and local communities to implement good agricultural practices (including improved efficiency, crop diversification and adoption of certification)</li> <li>Collaborate on commodity traceability</li> <li>Use preferential sourcing to support landscape/jurisdictional initiatives that are demonstrating progress</li> <li>Other, please specify: Bayer subsidizes 50% of the auditing process to obtain the certification by the Round Table on Responsible Soy Association (RTRS) to the main seed-producing pole in the country.</li> </ul>	<p>In a partnership with the Sustainable Trade Initiative (IDH) and Clube Amigos da Terra (CAT), Bayer provides direct support to the soybean certification in the region of Sorriso as part of its commitment to sustainability in the local farming production. Bayer subsidizes 50% of the auditing process to obtain the certification by the Round Table on Responsible Soy Association (RTRS) to the main seed-producing pole in the country. Since 2013, Bayer and RTRS have worked together to raise the awareness of farmers regarding the importance of that certification. The subsidies cover approximately 25 farmers that are members of the program named Cultivando Vida Sustentável (“Cultivating Sustainable Life”), co-funded by IDH and CAT Sorriso. Farmers have recovered the auditing by means of a loyalty program named Impulso Bayer, on Orbia’s platform, a marketplace for inputs, seeds, and commodities. The total area of certified farms is 128,000 hectares, of which 75,000 hectares are seed-producing areas.</p> <p>This “beyond the farm” value creation should be a win-win for both Brazilian farmers and Bayer, based on large-scale adoption of agriculture practices, wise use of resources, new technologies and digitalization.</p>	2013	<ul style="list-style-type: none"> <li>Funder: Provides full or partial financial support</li> <li>Not defined</li> </ul>
11	12	13		

Estimated investment over the project period (currency)	Is a collective monitoring framework used to measure progress?	State the achievements of your engagement so far, and how progress is monitored*
100,000	<ul style="list-style-type: none"> <li>Yes, progress is collectively monitored using a shared external framework, please specify: Sustainable Trade Initiative (IDH), Clube Amigos da Terra (CAT), Round Table on Responsible Soy Association (RTRS)</li> </ul>	Bayer, together with its partner in this project, achieved sustainable actions and raised the awareness of farmers regarding the importance of the RTRS certification. The project contributed to the Project Impulso: Bayer's current Platform, Impulso Bayer (185,000 customers) has the potential to recognize and reward farmers' compliance with the Brazilian Forest Code. Building on Bayer's PRO Carbono initiative, Brazil Impulso Bayer Green seeks to reward sustainable-conscious farmers via access to additional benefits on top of services already available covering the entire spectrum of Bayer's business in Brazil, including crop protection, corn seed, Roundup, Intacta and Intacta 2 Xtend soybeans. This "beyond the farm" value creation should be a win-win for both Brazilian farmers and Bayer, based on large-scale adoption of agriculture practices, wise use of resources, new technologies and digitalization.

[Add Row]

(\*column/row appearance is dependent on selections in this or other questions)

**(F6.10c) For each of your disclosed commodities, provide details of the production/consumption volumes from each of the landscapes/jurisdictions you engage in.**

1	2	3	4
Indicate landscape/jurisdiction ID	Does any of your commodity production/consumption volume originate from this landscape/jurisdiction, and are you able/willing to disclose information on this volume?	Commodity*	% of total production/consumption volume from this landscape/jurisdiction*
LJ1	<ul style="list-style-type: none"> <li>No, we do not produce/consume from this landscape/jurisdiction</li> </ul>	N/A	N/A

[Add Row]

**(F6.11) Do you participate in any other external activities and/or initiatives to promote the implementation of your forests-related policies and commitments?**

1	2	3	4	5	6	7
Forest risk commodity	Do you participate in activities/initiatives?	Activities*	Country/Area*	Subnational area*	Initiatives*	Please explain

Palm oil	<ul style="list-style-type: none"> <li>• Yes</li> </ul>	<ul style="list-style-type: none"> <li>• Involved in multi-partnership or stakeholder initiatives</li> </ul>	<ul style="list-style-type: none"> <li>• Not applicable</li> </ul>	<ul style="list-style-type: none"> <li>• Not applicable</li> </ul>	<ul style="list-style-type: none"> <li>• UN Global Compact</li> <li>• Global Reporting Initiative (GRI) Community Member</li> <li>• Roundtable on Sustainable Palm Oil (RSPO)</li> <li>• Other, please specify: WWF questionnaire, Science Based Target initiative, CDP Forest</li> </ul>	<p><b>BAYER'S ROLE IN THIS ACTIVITY:</b></p> <p>As a leading player in the agricultural industry, Bayer participates in various external activities, initiatives as well as engages with policy makers around the world, e.g., we participate in the UN Global Compact, a strategic initiative for companies that undertake to align their business activities and strategies with ten universally recognized principles in the areas of human rights, labor standards, environmental protection and the fight against corruption. Bayer was one of the first signatories in 2000.</p> <p>Bayer believes in the interaction and collaboration of recognized sustainability standards and initiatives to further drive sustainable development. Therefore, we engage in a number of initiatives, e.g., Global Reporting Initiative, Science Based Targets Initiative as well as in the Roundtable on Sustainable Palm Oil.</p> <p>Additionally, within various industry platforms and associations we engage in different governmental and non-governmental initiatives, one recent example was our statement the new EU-deforestation regulation. On the local level, we engage with various local as well as global foundations e.g. GATES foundation to support local communities. All our engagements support sustainable actions to safeguard stable, long-term growth for our company and make a positive value contribution to society, this includes forest-related topics.</p> <p><b>FIT WITH ENVIRONMENTAL STRATEGY OF THE COMPANY:</b></p> <p>During a regular dialogue with associations, we build up and update our strategy as a company. Sustainability is a core part of our business strategy. We believe in this partnership approach to further develop in different areas. Our climate strategy is a result of the interaction with the Science Based Targets initiative. One building block of this climate strategy are removal and offsetting projects where we support biodiversity and forests. On the other side as part of our social commitments we have set out a target to support 100 million smallholders by 2030. A result of these engagements should be the decrease of pressure on ecosystems.</p>
Palm oil	<ul style="list-style-type: none"> <li>• Yes</li> </ul>	<ul style="list-style-type: none"> <li>• Engaging with policymakers or governments</li> </ul>	<ul style="list-style-type: none"> <li>• Other, please specify: EU</li> </ul>	<ul style="list-style-type: none"> <li>• Not applicable</li> </ul>	N/A	<p><b>BAYER'S ROLE IN THIS ACTIVITY:</b></p> <p>We have been actively engaging with policy makers and industry associations regarding the proposed EU regulation to stop deforestation. We highly support the engagement and continue to engage in this process.</p> <p><b>FIT WITH ENVIRONMENTAL STRATEGY OF THE COMPANY:</b></p> <p>Sustainability is 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:</p> <ol style="list-style-type: none"> <li>1) Inclusive growth and value added for society</li> <li>2) Reduction of our ecological footprint</li> </ol>

						<p>3) Responsible business practices along our value chain Forests play a vital role in mitigating climate change, fostering biodiversity, and enabling water and soil conservation. Millions of people rely on forests for food security, livelihoods and energy sources. As part of our commitment to the SDG #15 Life on Land, we aim to protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, and halt and reverse land degradation and halt biodiversity loss. Reaching a net zero climate target is deeply interlinked with no deforestation and therefore also with sustainable supply chain. Only if we have a profound regulation, we will stop deforestation and benefit the environment.</p>
Soy	<ul style="list-style-type: none"> <li>• Yes</li> </ul>	<ul style="list-style-type: none"> <li>• Involved in multi-partnership or stakeholder initiatives</li> </ul>	<ul style="list-style-type: none"> <li>• Not applicable</li> </ul>	<ul style="list-style-type: none"> <li>• Not applicable</li> </ul>	<ul style="list-style-type: none"> <li>• UN Global Compact</li> <li>• Global Reporting Initiative (GRI) Community Member</li> <li>• Roundtable on Sustainable Soy (RTRS)</li> <li>• Other, please specify: WWF questionnaire, Science Based Target initiative, CDP Forest</li> </ul>	<p><b>BAYER'S ROLE IN THIS ACTIVITY:</b> As a leading player in the agricultural industry, Bayer participates in various external activities, initiatives as well as engages with policy makers around the world. <b>EXAMPLE RTRS:</b> One Bayer representative is part of the RTRS Executive Board. In this position Bayer ensures wide recognition, enhancement and sustainable development of RTRS. We fully support RTRS and try to find new partners and establish projects to promote the standards of the RTRS <a href="https://responsiblesoy.org/quienes-somos?lang=en#comite">https://responsiblesoy.org/quienes-somos?lang=en#comite</a></p> <p>Bayer believes in the interaction and collaboration of recognized sustainability standards and initiatives to further drive sustainable development. Therefore, we engage in a number of initiatives, e.g., Global Reporting Initiative, Science Based Targets initiative as well as in the Roundtable on Sustainable Soy.</p> <p>Additionally, within various industry platforms and associations we engage in different governmental and non-governmental initiatives, one recent example was our statement the new EU-deforestation regulation. On the local level, we engage with various local as well as global foundations e.g. GATES foundation to support local communities. All our engagements support sustainable actions to safeguard stable, long-term growth for our company and make a positive value contribution to society, this includes forest-related topics.</p> <p><b>FIT WITH ENVIRONMENTAL STRATEGY OF THE COMPANY:</b> During a regular dialogue with associations, we build up and update our strategy as a company. Sustainability is a core part of our business strategies. We believe in this partnership approach to further develop in different areas. Our climate strategy is a result of the interaction with the Science Based Targets initiative. One building block of this climate strategy are removal and offsetting projects where we support biodiversity and forests. On the other side as part of our social commitments we have set out a target to support 100 million smallholders. A result of these engagement should be the decrease of pressure on the ecosystem. With the PRO Carbono Commodities program we</p>

						are now going even beyond and ensuring sustainable businesses and yields for farmers. ENGAGEMENT with RTRS: Especially, in soy we have a wide established cooperation within the industry and with RTRS to certify sustainable production and increase sustainability in the agricultural sector. Here we design and execute projects for example in the food partnership program.
Soy	<ul style="list-style-type: none"> <li>• Yes</li> </ul>	<ul style="list-style-type: none"> <li>• Engaging with policymakers or governments</li> </ul>	<ul style="list-style-type: none"> <li>• Other, please specify: EU, Brazil</li> </ul>	<ul style="list-style-type: none"> <li>• Not applicable</li> </ul>	N/A	<p>BAYER'S ROLE IN THIS ACTIVITY: We have been actively engaging with policy makers regarding the proposed EU regulation to stop deforestation. We highly support the engagement and continue to engage in this process.</p> <p>FIT WITH ENVIRONMENTAL STRATEGY OF THE COMPANY: Sustainability is 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:</p> <ol style="list-style-type: none"> <li>1) Inclusive growth and value added for society</li> <li>2) Reduction of our ecological footprint</li> <li>3) Responsible business practices along our value chain</li> </ol> <p>Forests play a vital role in mitigating climate change, fostering biodiversity, and enabling water and soil conservation. Millions of people rely on forests for food security, livelihoods and energy sources. As part of our commitment to the SDG #15 Life on Land, we aim to protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, and halt and reverse land degradation and halt biodiversity loss. Reaching a net zero climate target is deeply interlinked with no deforestation and therefore also with sustainable supply chain. Only if we have a profound regulation, we will stop deforestation and benefit the environment.</p>

[Add Row]

(\*column/row appearance is dependent on selections in this or other questions.)

## Ecosystem restoration projects

**(F6.12) Is your organization supporting or implementing project(s) focused on ecosystem restoration and protection?**

- Yes

**(F6.12a) Provide details on your project(s), including the extent, duration, and monitoring frequency. Please specify any measured outcome(s).**

Project1

1	2	3	4	5	6	7
Project reference	Project type	Expected benefits of project	Is this project originating any carbon credits?	Description of project	Where is the project taking place in relation to your value chain?	Start year
<ul style="list-style-type: none"> <li>Project 1</li> </ul>	<ul style="list-style-type: none"> <li>Forest ecosystem restoration</li> </ul>	<ul style="list-style-type: none"> <li>Improvement to soil health</li> <li>Creation of green jobs and sustainable livelihoods</li> <li>Restoration of natural ecosystem(s)</li> <li>Increase in carbon sequestration</li> <li>Carbon credits gained</li> <li>Compliance with certification</li> <li>Net gain in biodiversity and ecosystem integrity</li> </ul>	<ul style="list-style-type: none"> <li>Yes</li> </ul>	<p>PRIMARY MOTIVATION:</p> <p>On this project Bayer collaborates with First Climate (<a href="https://www.firstclimate.com/">https://www.firstclimate.com/</a>) in the State of Para, Brazil. In 2020, Bayer joined a project that started in 2008. It's aim is to enhance the natural ecosystem capacity with high project standards (Verified Carbon Standard VCS, Climate, Community&amp; Biodiversity CCB Standard, REDD+). We provide a positive impact on the ecosystem, break the cycle of deforestation, stop soil erosion and fix carbon in the soil. This project focusses on the protection of accessible and inaccessible forest areas. This will allow for the forest to re-grow. Surveillance teams keep the area under rigorous monitoring to prevent illegal logging and squatters from claiming lands. To achieve permanent surveillance, the project employs local village members who live within the project region. To qualify them, they receive special training in forest management and monitoring. Regular reports will locate existing agricultural areas so as to identify areas that may have been newly deforested. Another aspect of this project is the distribution of improved cook stoves that replace inefficient traditional open fires to reduce firewood consumption. Our objective is to offset carbon emissions, enhance biodiversity and restore the natural capacity.</p>	<ul style="list-style-type: none"> <li>Project based in sourcing area(s)</li> </ul>	2020
8	9	10	11	12	13	
Target year	Project area to date (Hectares)	Project area in the target year (Hectares)	Country/Area	Latitude	Longitude	
<ul style="list-style-type: none"> <li>Indefinitely</li> </ul>	180,000	180,000	<ul style="list-style-type: none"> <li>Brazil</li> </ul>	5	52	
14	15	16	17			
Monitoring frequency	Total investment over the project period (currency)	For which of your expected benefits are you monitoring progress?	Please explain			
<ul style="list-style-type: none"> <li>Six-monthly or more frequently</li> </ul>	500,000	<ul style="list-style-type: none"> <li>Biodiversity</li> <li>Carbon sequestration</li> <li>Soil</li> </ul>	The Brazilian Constitution allows squatters to invade and claim public and private lands if these appear to be under no-productive use. Forest covered land is assumed to be non-productive thus under no use. Deforested land is worth 5 - 10 times more than the equivalent forested area. Due to unclear land tenure and weak law			



		<ul style="list-style-type: none"> <li>Climate regulation</li> </ul>	<p>enforcement, squatters move freely in the project area. After 5 years of usage, squatters even gain land rights to the occupied areas. Without this project, it is likely that deforestation of the area would continue at a rate of 1.7% annually from squatters alone. We MEASURE THE SUCCESS in restored natural capacity, enhanced biodiversity and sequestered carbon. We expect to have see environmental improvements and social improvements of the local community at the same time.</p> <p>Details about the project can be found here: <a href="https://www.firstclimate.com/en/our-carbon-offset-projects/brazil-locals-protect-their-forest-from-illegal-logging/">https://www.firstclimate.com/en/our-carbon-offset-projects/brazil-locals-protect-their-forest-from-illegal-logging/</a></p>
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## Project2

1	2	3	4	5	6	7
Project reference	Project type	Expected benefits of project	Is this project originating any carbon credits?	Description of project	Where is the project taking place in relation to your value chain?	Start year
<ul style="list-style-type: none"> <li>Project 2</li> </ul>	<ul style="list-style-type: none"> <li>Reforestation</li> </ul>	<ul style="list-style-type: none"> <li>Restoration of natural ecosystem(s)</li> <li>Carbon credits gained</li> <li>Compliance with certification</li> <li>Net gain in biodiversity and ecosystem integrity</li> </ul>	<ul style="list-style-type: none"> <li>Yes</li> </ul>	<p>PRIMARY MOTIVATION:</p> <p>RevitaBayer is an initiative from our Bayer South America Logistics team that started in 2013 (formerly RevitaMon) that has the objectives of reducing the environmental impact caused by our distribution operations, to engage as well as educate communities and to create sociocultural value to suppliers. The initiative went beyond Brazilian borders, reaching Argentina in 2017, the year in which it was also recognized with the HSE (Global Safety and Health Awards) award. Initially focused on the compensation of CO2 emitted from our transportation activities, the program expanded in 2020 to a broader perspective and now embraces actions to also minimize emissions by adopting good practices around energy efficiency in both transportation and warehousing, such as load and network optimization, warehouse eco-building, etc.</p> <p>Trees are planted and financed by suppliers, proportionally to their operation size.</p> <p>Suppliers receive bonus at their performance evaluation, are mentioned in communication materials and sustainable action is a criteria for supplier selection.</p>	<ul style="list-style-type: none"> <li>Project based in area with direct operations</li> </ul>	2013
8	9	10	11	12	13	
Target year	Project area to date (Hectares)	Project area in the target year (Hectares)	Country/Area	Latitude	Longitude	
<ul style="list-style-type: none"> <li>Indefinitely</li> </ul>	870	870	<ul style="list-style-type: none"> <li>Brazil</li> </ul>	12	39	
14	15	16	17			

Monitoring frequency	Total investment over the project period (currency)	For which of your expected benefits are you monitoring progress?	Please explain
<ul style="list-style-type: none"> <li>• Six-monthly or more frequently</li> </ul>	500,000	<ul style="list-style-type: none"> <li>• Biodiversity</li> <li>• Carbon sequestration</li> <li>• Climate regulation</li> </ul>	<p>RevitaBayer seeks to reinvigorate and revitalize degraded environmental areas, planting several native trees in the regions. The planting target is calculated based on the number of kilometres driven and the types of vehicles used by each carrier in the previous year. REVITA project expanded in 2020 to a broader perspective and embraces actions to also reduce emissions by adopting good practices around energy efficiency in both transportation and warehousing, such as load and network optimization, eco-driving, warehouse eco-building, etc. In the program, more than 166,000 trees have been planted since it started. As this program takes place all over the countries Brazil and Argentina only one location was used for the longitude and latitude. Further Information can be found here: <a href="https://www.bayer.com/en/file/164076/download?token=_fk-Xtdn">https://www.bayer.com/en/file/164076/download?token=_fk-Xtdn</a></p>

[Add Row]

# F7 Verification

## Verification

### (F7.1) Do you verify any forests information reported in your CDP disclosure?

- Yes

### (F7.1a) Which data points within your CDP disclosure have been verified, and which standards were used?

1	2	3	4
Disclosure module	Data points verified	Verification standard	Please explain
• F4. Governance	Deforestation approach	Limited assurance in the Sustainability Report	We do link our annual reporting with our deforestation position and also the CDP reporting as we see a crucial importance to transparently as well as actively approach this topic.
• F6. Implementation	Bayer has met the requirements of all projects which we are actively contribution for our natural based offsetting. We believe the standards and further engage with stakeholders to develop these standards.	VCS & CCB/ REDD+	Example from a Brazilian forest project: This project focusses on the protection of accessible and inaccessible forest areas. This will allow for the forest to re-grow. Surveillance teams keep the area under rigorous monitoring to prevent illegal logging and squatters from claiming lands. To achieve permanent surveillance, the project employs local village members who live within the project region. To qualify them, they receive special training in forest management and monitoring. Regular reports will locate existing agricultural areas to identify areas that may have been newly deforested. Another aspect of this project is the distribution of improved cook stoves that replace inefficient traditional open fires to reduce firewoodconsumption Further information: <a href="https://www.firstclimate.com/en/our-carbon-offset-projects/brazil-locals-protect-their-forest-from-illegal-logging/">https://www.firstclimate.com/en/our-carbon-offset-projects/brazil-locals-protect-their-forest-from-illegal-logging/</a>
• F6. Implementation	100 million smallholder engagement	Limited assurance in the Sustainability Report	As farming is often the only source of income in LMICs, we also help fight poverty through our engagement with smallholder farmers (SDG 1). We achieve the greatest impact through our business, particularly through our products to promote women’s health and family planning or through our targeted support for female smallholder farmers as entrepreneurs in LMICs. Current status: 2019 reference year: 42 million // 2020 status: 45 million // 2021 status: 49 million // 2022 52 million. In 2022, together with our partners, we supported 52 million smallholder farmers in LMICs with our products and services – four million more than in the previous year. We achieved this – despite the various waves of the ongoing pandemic – by significantly expanding business activities, especially in Asia/Pacific. We aim to create market models that generate benefit and reduce business risks for all

			partners in the value chain, including smallholder farmers. This is implemented by helping smallholder farmers gain access to the agricultural value chain and increase productivity and income, as well as by creating resilience to ensure the long-term food security of smallholder farmers, their families and rural regions in the LMICs.
<ul style="list-style-type: none"> <li>F6 Implementation</li> </ul>	PRO Carbono Commodities	Shipment of soybean produced with a measured footprint is audited by Bureau Veritas	The shipment of soybean produced with a measured footprint is audited by Bureau Veritas and delivered to ADM with origin qualification, containing traceable information on production and calculation of emissions, and in accordance with socio-environmental standards. In this way, it includes assessment of non-overlapping with indigenous or quilombola lands and conservation units, slave labor list, list of areas embargoed by environmental authorities (IBAMA, SEMA, and ICMBio), as well as environmental compliance with the Forest Code and assessments from the Rural Environmental Registry (CAR).

# F8 Barriers and challenges

## Barriers and challenges

**(F8.1) Describe the key barriers or challenges to eliminating deforestation and/or conversion of other natural ecosystems from your direct operations or from other parts of your value chain.**

1	2	3	4
Forest risk commodity	Coverage	Primary barrier/challenge type	Comment
<ul style="list-style-type: none"> <li>• Palm oil</li> </ul>	<ul style="list-style-type: none"> <li>• Supply chain</li> </ul>	<ul style="list-style-type: none"> <li>• Value chain complexity</li> </ul>	<p>There are many interconnected barriers and challenges to sourcing sustainable palm oil derivatives. Supply chain complexity and transparency, as well as public awareness and local regulations hinder the move towards 100% deforestation and conversion free palm.</p> <p>As purchaser of derivatives, with various stakeholders and companies involved in the process, the transparency and requirements are high to adhere too. This complexity and the different activities to certify all our processes and supply locations are key reasons to only slowly build up our supply chain certification. Our suppliers are currently not able to provide the certification we need. Additionally, they are not able to provide an adequate level of transparency and traceability.</p> <p>Due to different global challenges like climate change including food security, there is a need to follow the path of sustainable agriculture and business activities. Bayer aims to use its ability as an impact generator to drive this change.</p> <p>Additionally, it is observable that the current non-binding regulations are not sufficient for non-deforestation and non-conversion. We are closely monitoring regulatory activities. One clear indication is the continued high amount of deforestation and that approximately only 20% of all global palm oil is certified.</p> <p>In 2020, Bayer has started a supplier engagement project with the overarching objective to remove these barriers and challenges and to increase sustainability within our value chain. This project is especially focusing on palm oil derivatives and is currently accelerated and enhanced.</p>
<ul style="list-style-type: none"> <li>• Palm oil</li> </ul>	<ul style="list-style-type: none"> <li>• Supply chain</li> </ul>	<ul style="list-style-type: none"> <li>• Lack of adequate traceability systems</li> </ul>	<p>There are many interconnected barriers and challenges to sourcing sustainable palm oil derivatives. Supply chain complexity and transparency, as well as public awareness and local regulations hinder the move towards 100% deforestation and conversion free palm.</p> <p>As purchaser of derivatives, with various stakeholders and companies involved in the process, the transparency and requirements are high to adhere too. This complexity and the different activities to certify all our processes and supply locations are key reasons to continue with the book and claim process on short term.</p> <p>Due to different global challenges like climate change including food security there is a need to follow the path of sustainable agriculture and business activities. Bayer aims to use its ability as an impact generator to drive this change.</p> <p>Additionally, it is observable that the current non-binding regulations are not sufficient for non-deforestation and non-conversion. One clear indication is the continued high amount of deforestation and that approximately only 20% of all global palm oil is certified.</p> <p>In 2020, Bayer has started a supplier engagement project with the overarching objective to remove these barriers and challenges and to increase sustainability within our value chain. This project is especially focused on palm oil derivatives, once successful this will be expanded.</p>

<ul style="list-style-type: none"> <li>• Palm oil</li> </ul>	<ul style="list-style-type: none"> <li>• Supply chain</li> </ul>	<ul style="list-style-type: none"> <li>• Limited availability of certified materials</li> </ul>	<p>There are many interconnected barriers and challenges to sourcing sustainable palm oil derivatives. Supply chain complexity and transparency, as well as public awareness and local regulations hinder the move towards 100% deforestation and conversion free palm. In 2022, we have been engaged with RSPO to provide more information about the certified volumes which we are purchasing. Unfortunately, this information is not available. Also other external partner are not able to provide us the information which would be required.</p> <p>As we have decided to switch towards the RSPO Mass Balance certification, we have reached out to all our suppliers. Nevertheless, due to the current availability of materials, we are not able to increase our Mass Balance share quickly. We aim to reach and exceed our targets. Our current projection is to underachieve the target for 2023.</p>
<ul style="list-style-type: none"> <li>• Soy</li> </ul>	<ul style="list-style-type: none"> <li>• Supply chain</li> </ul>	<ul style="list-style-type: none"> <li>• Value chain complexity</li> </ul>	<p>There are many interconnected barriers and challenges to sourcing sustainable soy derivatives. Supply chain complexity and transparency, as well as public awareness and local regulations hinder the move towards 100% deforestation and conversion free soy.</p> <p>As purchaser of derivatives, with various stakeholders and companies involved in the process, the transparency and requirements are high to adhere too. This complexity and the different activities to certify all our processes and supply locations are key reasons to only slowly build up our supply chain certification. Our suppliers are currently not able to provide the certification we need. Additionally, they are not able to provide an adequate level of transparency and traceability. Due to different global challenges like climate change including food security, there is a need to follow the path of sustainable agriculture and business activities. Bayer aims to use its ability as an impact generator to drive this change.</p> <p>Additionally, it is observable that the current non-binding regulations are not enough for non-deforestation and non-conversion. We are closely monitoring regulatory activities. During the RTRS Executive Board meetings in November 2019, the RTRS forecasted to have 3.6 million tons of soy certified for the complete year 2019. Compared to the 57,4 million tons for the period between 2018-2019, the amount of RTRS certified soy seems very limited. At the same time deforestation at the planet remains on a high level.</p> <p>In 2022, Bayer has started a supplier engagement project for soy (PRO Carbono Commodities) with the overarching objective to remove these barriers and challenges and to increase sustainability within our value chain.</p>
<ul style="list-style-type: none"> <li>• Soy</li> </ul>	<ul style="list-style-type: none"> <li>• Supply chain</li> </ul>	<ul style="list-style-type: none"> <li>• Lack of adequate traceability systems</li> </ul>	<p>There are many interconnected barriers and challenges to sourcing sustainable soy derivatives. Supply chain complexity and transparency, as well as public awareness and local regulations hinder the move towards 100% deforestation and conversion free soy.</p> <p>As purchaser of derivatives, with various stakeholders and companies involved in the process, the transparency and requirements are high to adhere too. This complexity and the different activities to certify all our processes and supply locations are key reasons to continue with the book and claim process on short term. Where we are in control, we are continuing to drive actions towards certification, sustainable production, traceability and transparency, like in the PRO Carbono Commodities program.</p> <p>Due to different global challenges like climate change including food security there is a need to follow the path of sustainable agriculture and business activities. Bayer aims to use its ability as an impact generator to drive this change.</p> <p>Additionally, it is observable that the current non-binding regulations are not enough for non-deforestation and non-conversion. We are closely monitoring regulatory activities. During the RTRS Executive Board meetings in November 2019, The RTRS forecasted to have 3.6 million tons of soy certified for the complete year 2019. Compared to the 57,4 million tons for the period between 2018-2019, the amount of RTRS certified soy seems very limited. At the same time deforestation at the planet remains on a high level. This is the reason why we are building up new innovation and tools to support the transformation for agriculture.</p> <p>In 2022, Bayer has started a supplier engagement project for soy with the overarching objective to remove these barriers and challenges and to increase sustainability within our value chain.</p>

**(F8.2) Describe the main measures that would improve your organization’s ability to manage its exposure to deforestation and/or conversion of other natural ecosystems**

1	2	3	4
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Forest risk commodity	Coverage	Main measure	Comment
<ul style="list-style-type: none"> <li>Palm oil</li> </ul>	<ul style="list-style-type: none"> <li>Supply chain</li> </ul>	<ul style="list-style-type: none"> <li>Improvement in data collection and quality</li> </ul>	<p>Bayer commits to move to the RSPO Mass Balance certification and to further promote the production of SUSTAINABLE PALM OIL. Within our activities, we will engage and emphasize on the support to ZERO NET DEFORESTATION and the engagement with local communities and global suppliers.</p> <p>Agriculture innovations (seed varieties, crop protection products, digital farming solutions and stewardship methods) can help reduce the need to expand crop production areas into natural habitats such as woodlands and forests. Bayer's commitments to reduce by 30% the environmental impact of crop protection and greenhouse gas emissions on our customers' fields, by 2030.</p> <p>Bayer has committed to help 100 million smallholder farmers increase their livelihood in farming by 2030. We believe that the increase in productivity will decrease the need to convert forest into agricultural land or to find additional income in forest exploitation.</p> <p>Bayer is currently implementing programs for vegetation management and afforestation. Implementing native species afforestation programs and Bayer aims for zero net deforestation in our supply chain – and will encourage our supplier to do the same as our greater supplier awareness and engagement. As the most prominent example, we will ensure 100% compliance with the Brazilian Forest Code in our production fields.</p> <p>Bayer enforces the value of international cooperation such as regulation to promote viable measures in sustainable development and environmental protection. This is WHY we continue to support forest protection instruments in trade agreements as long as they are science-based, equitable and safeguard an open and non-discriminatory trading system. One example is Bayer's active participation in the ongoing legislative process for the proposed EU regulation on deforestation.</p> <p>In 2020, Bayer has started a supplier engagement project with the overarching objective to remove these barriers and challenges and to increase sustainability within our value chain. At this point neither the suppliers nor RSPO are able to provide us the data for this highly complex supply chains. We are actively working towards improving the data and enhancing our system.</p>
<ul style="list-style-type: none"> <li>Palm oil</li> </ul>	<ul style="list-style-type: none"> <li>Supply chain</li> </ul>	<ul style="list-style-type: none"> <li>Greater transparency</li> </ul>	<p>Bayer commits to move to the RSPO Mass Balance certification and to further promote the production of SUSTAINABLE PALM OIL. Within our activities we will engage and emphasize on the support to ZERO NET DEFORESTATION and the engagement with local communities and global suppliers.</p> <p>Agriculture innovations (seed varieties, crop protection products, digital farming solutions and stewardship methods) can help reduce the need to expand crop production areas into natural habitats such as woodlands and forests. Bayer's commitments to reduce by 30% the environmental impact of crop protection and greenhouse gas emissions on our customers' fields, by 2030.</p> <p>Bayer has committed to help 100 million smallholder farmers increase their livelihood in farming by 2030. We believe that the increase in productivity will decrease the need to convert forest into agricultural land or to find additional income in forest exploitation.</p> <p>Bayer aims for zero net deforestation in our supply chain – and will encourage our supplier to do the same as our greater supplier awareness and engagement. As the most prominent example, we will ensure 100% compliance with the Brazilian Forest Code in our production fields.</p> <p>Bayer enforces the value of international cooperation such as regulation to promote viable measures in sustainable development and environmental protection. This is why we continue to support forest protection instruments in trade agreements as long as they are science-based, equitable and safeguard an open and non-discriminatory trading system. One example is Bayer's active participation in the ongoing legislative process for the proposed EU regulation on deforestation.</p> <p>In 2020, Bayer has started a supplier engagement project with the overarching objective to remove these barriers and challenges and to increase sustainability within our value chain. At this point neither the suppliers nor RSPO are able to provide us the data for this highly complex supply chains. We are actively working towards improving the data and enhancing our system.</p>
<ul style="list-style-type: none"> <li>Soy</li> </ul>	<ul style="list-style-type: none"> <li>Supply chain</li> <li>Other parts of</li> </ul>	<ul style="list-style-type: none"> <li>Improved data collection and quality</li> </ul>	<p>Bayer commits to continue using the CREDIT PROCESS to further promote the production of SUSTAINABLE SOY. Within our activities we will further engage and emphasize on the support to ZERO NET DEFORESTATION and the engagement with local communities and global suppliers.</p> <p>Agriculture innovations (seed varieties, crop protection products, digital farming solutions and stewardship methods) can help reduce the need to expand crop production areas into natural habitats such as woodlands and forests. Bayer's commitments to reduce by 30% the environmental impact of crop protection and greenhouse gas emissions on our customers' fields, by 2030.</p>

	the value chain		<p>Bayer has committed to help 100 million smallholder farmers increase their livelihood in farming by 2030. We believe that the increase in productivity will decrease the need to convert forest into agricultural land or to find additional income in forest exploitation.</p> <p>Bayer aims for zero net deforestation in our supply chain– and will encourage our licensees to do the same. As the most prominent example, we will ensure 100% compliance with the Brazilian Forest Code in our production fields.</p> <p>In 2020, Bayer has started a supplier engagement project with the overarching objective to remove these barriers and challenges and to increase sustainability within our value chain. Learnings of the palm oil project will be included in a starting soy project. At this point neither the suppliers nor RTRS are able to provide us the data for this highly complex supply chains. We are actively working towards improving the data and enhancing our system.</p> <p>With the new PRO Carbono Commodities program, we want to show that agriculture is part of the solution. The deforestation issue is complex because it is associated with other dynamics such as land governance, compliance with national legislation, viable alternatives for local development, among others. Therefore, it demands a multi-sectorial action plan, encompassing different stakeholders from the public, private, and third sectors. For this reason, our focus is bounded within our scope of action as a company, seeking to explore opportunities to foster forest protection at the points of connection with our businesses.</p>
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[Add Row]



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# F17 Signoff

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## Further information

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**(F-FI) Use this field to provide any additional information or context that you feel is relevant to your organization's response. Please note that this field is optional and is not scored.**

As a manufacturer reporting company, we take on our responsibility to shape the sustainable future. Therefore, we report our activities related to the purchases of palm oil derivatives, soy oil derivatives as well as our activities within the soy value chain to enable sustainable farming and regenerative agriculture to certify yields. The questionnaire does not always fit to the comprehensive activities where we are active in.

## Signoff

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**(F17.1) Provide the following information for the person that has signed off (approved) your CDP forests response.**

1	2
Job title	Corresponding job category
Bayer AG Chairman of the Board of Management (CEO) and Chief Sustainability Officer (CSO)	<ul style="list-style-type: none"><li>Chief Executive Officer (CEO)</li></ul>