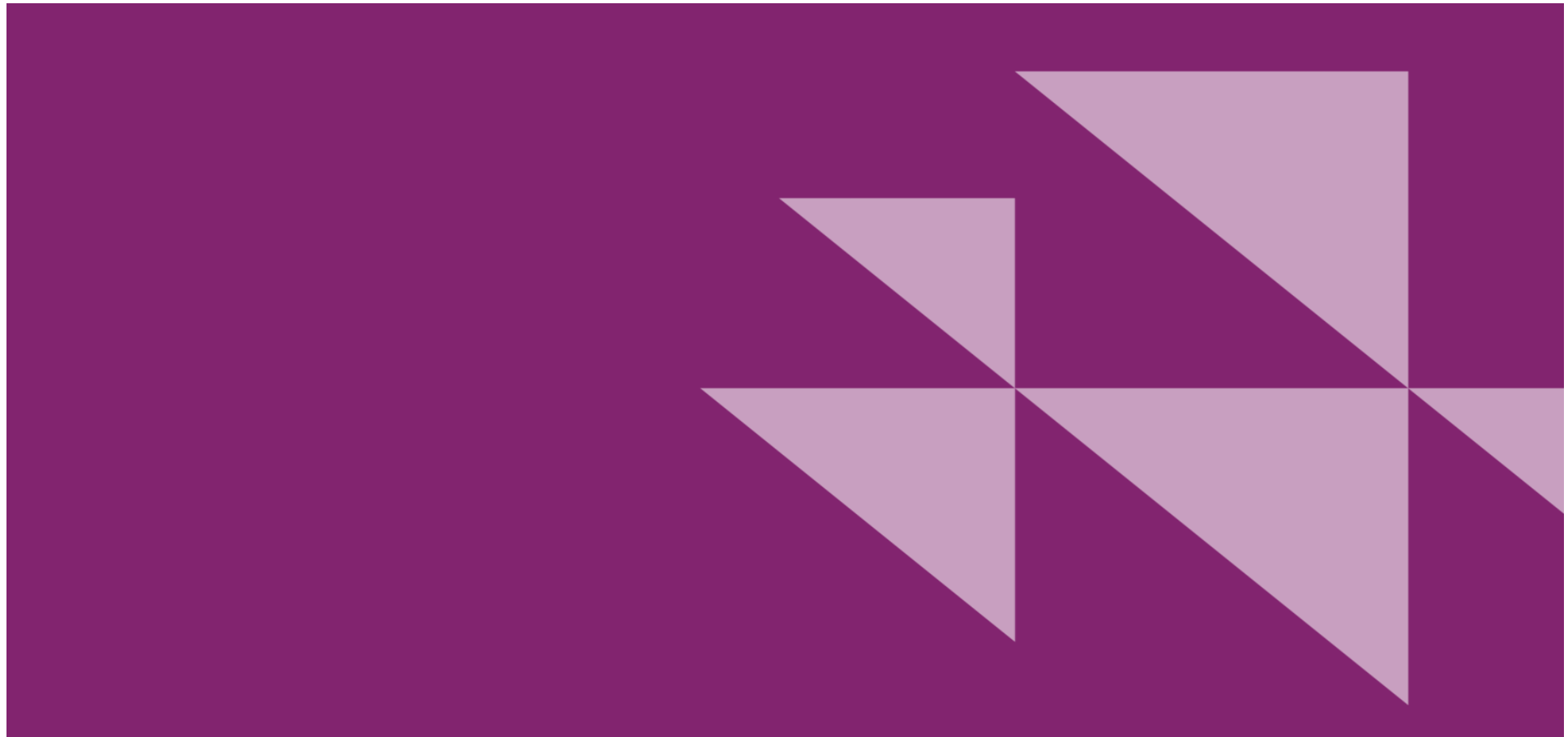

CDP Climate Change 2023 Questionnaire



C0 Introduction

(C0.1) Give a general description 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 time 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.

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. The company assumes no liability whatsoever to update these forward-looking statements or to conform them to future events or developments.

(C0.2) State the start and end date of the year for which you are reporting data.

| 1 | 2 | 3 |
|------------|------------|---|
| Start date | End date | Indicate if you are providing emissions data for past reporting years |
| 01/01/2022 | 12/31/2022 | <ul style="list-style-type: none">No |

(C0.3) Select the countries/areas in which you operate.

| |
|--|
| 1 |
| Country/area |
| 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 |

(C0.4) Select the currency used for all financial information disclosed throughout your response.

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

(C0.5) Select the option that describes the reporting boundary for which climate-related impacts on your business are being reported. Note that this option should align with your chosen approach for consolidating your GHG inventory.

- Financial control

(C0.8) Does your organization have an ISIN code or another unique identifier (e.g., Ticker, CUSIP, etc.)?

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

[Add row]

C1 Governance

Board oversight

(C1.1) Is there board-level oversight of climate-related issues within your organization?

- Yes

(C1.1a) Identify the position(s) (do not include any names) of the individual(s) on the board with responsibility for climate-related issues.

| 1 | 2 |
|--|---|
| Position of individual or committee | Responsibilities for climate-related issues |
| <ul style="list-style-type: none"> • Chief Sustainability Officer (CSO) | <p>POSITION IN CORPORATE STRUCTURE AND LEVEL OF RESPONSIBILITY: The top level of responsibility for climate-related issues is held by the Chairman of the Board of Management (CEO) in his role as Bayer's Chief Sustainability Officer (CSO) together with the entire Board of Management. As CSO he is RESPONSIBLE FOR THE GROUP-WIDE SUSTAINABILITY PROGRAM INCLUDING CLIMATE-RELATED TARGETS AND MEASURES. An external Sustainability Council provides the Board of Management with constructive criticism in all sustainability matters.</p> <p>RESPONSIBILITIES RELATED TO CLIMATE ISSUES: In his role as CSO, the Chairman of the Board of Management is supported by the Public Affairs, Science, Sustainability & HSE (PASS&HSE) enabling function. He is the superior of the Head of PASS &HSE who is responsible for Bayer's sustainability strategy including Bayer's CLIMATE STRATEGY and TARGETS. Relevant topics in the field of sustainability incl. climate-related topics are discussed during their regular meetings. The implementation of our sustainability targets including CLIMATE-RELATED TARGETS is a KEY ELEMENT OF THE ANNUAL PERFORMANCE OBJECTIVES of both.</p> <p>EXAMPLES OF CLIMATE-RELATED DECISIONS: Since climate is one of the core commitments of Bayer, the CSO decided to commit the Bayer AG to the Science Based Targets initiative in 2019. In 2020, the CSO decided to set the target to achieve net zero GHG emissions including our entire value chain by 2050 or sooner and signed the Business Ambition for 1.5°C. To achieve our sustainability strategy, the Board of Management including the CSO decided in 2021 again to adapt the long-term incentive (LTI) of eligible managers to the LTI of the Board of Management. This means that 20% of LTI of eligible managers' incl. the Board of Management is linked to the Group sustainability targets of which 50% are connected to climate protection. The CSO decided also on our climate interim targets. By 2024, we aim to reduce our own Scope 1 + 2 emissions by 20% and our Scope 3 emissions by 6% (rel. to 2019) in line with our SBT pathway. In addition, the decision to develop a net zero roadmap and target to achieve our ambitious climate targets was made by the CSO as well. Externally, we advocate for a climate position in line with our ambitious targets and demand that our partners also undertake decarbonization measures in accordance with the Paris Agreement. We critically scrutinize our memberships in industry associations and the CSO decided to publish an Industry Association Climate Review for the first time in 2021, which was continued with the publication of an Engagement Update in 2022.</p> |

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| | In 2022, the CSO approved the update of our Group Regulation on Sustainability, which defines sustainability's importance at Bayer and according to which standards and with which roles and responsibilities sustainability is managed. Also in 2022, our new Sustainability Decision Committee, composed of members of the management from the divisions and enabling functions, has started to coordinate sustainability measures Group-wide. |
|--|--|

[Add row]

(C1.1b) Provide further details on the board's oversight of climate-related issues.

| 1 | 2 | 3 |
|---|---|---|
| Frequency with which climate-related issues are a scheduled agenda item | Governance mechanisms into which climate-related issues are integrated | Please explain |
| <ul style="list-style-type: none"> • Scheduled - some meetings | <ul style="list-style-type: none"> • Overseeing the setting of corporate targets • Monitoring progress towards corporate targets • Reviewing and guiding annual budgets • Reviewing and guiding the risk management process • Reviewing and guiding strategy • Monitoring progress towards corporate targets • Overseeing value chain engagement • Overseeing and guiding employee incentives | <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 & HSE (PASS&HSE) discuss operational topics in the field of sustainability, incl. climate-related issues. Climate-related strategic decisions are brought up in board discussions by the Head of PASS&HSE or the CSO as needed. In REGULAR MEETINGS of the Board of Management, the Sustainability Council, the Supervisory Board and the recently established ESG Committee the Group-wide sustainability strategy incl. climate-related issues is discussed. In addition, the Head of PASS&HSE informs the board about environmental KPIs incl. climate-related KPIs and target achievement in the context of the annual board meeting dedicated to the approval of our Annual Report (AR). The Head of PASS&HSE monthly reports HSE KPIs to the CSO. As our Crop Science business has major dependencies and potentials for climate also the division head of Crop Science brings up climate-related topics.</p> <p>ii) CLIMATE ISSUES AS SCHEDULED AGENDA ITEMS: The Chairman of the Board of Management holds direct responsibility for climate protection in his role as CSO. In keeping with their level of importance, climate-related topics and Bayer's climate strategy were discussed at three meetings of the Board of Management, two meetings of the Supervisory Board and at two meetings of the ESG Committee of the Supervisory Board in 2022. The Chairman of the Board of Management is supported in this by PASS&HSE and the sustainability departments within the divisions. The divisions handle the operational implementation of the climate protection measures at their sites with the support of the enabling functions.</p> <p>iii) CONTRIBUTION TO BOARD OVERSIGHT: The governance mechanisms selected contribute to an informed view of the board on climate-related issues and ensure a coherent and Group-wide response, if needed.</p> <p>EXAMPLE 1 (Governance mechanisms "Overseeing the setting of corporate targets" and "Monitoring progress towards corporate targets"): In 2021, the CSO decided on our climate interim targets. By 2024, we aim to reduce our own Scope 1 + 2 emissions by 20% and our Scope 3 emissions by 6% (rel. to 2019) in line with the reduction pathway of our Science Based Target (SBT). Through the reporting of climate-related KPIs described above, the board can ensure a group-wide response in case of any deviations of CO2 emissions or energy efficiency KPIs from the required values.</p> <p>EXAMPLE 2 (Governance mechanisms "Reviewing and guiding annual budgets" and "Reviewing and guiding the risk management process"): Through the integration of climate-related issues in major investment decisions, the regular review of climate-related risks, and the integration of climate-related issues in the review of strategic decisions or R&D priorities, the board can ensure e.g. an adequate inclusion of climate risks and opportunities in our strategy.</p> |

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| | | EXAMPLE 3 (Governance mechanisms "Reviewing and guiding strategy"): Our Group Regulation on Sustainability was updated in 2022. This defines sustainability's importance at Bayer and according to which standards and with which roles and responsibilities sustainability is managed. The Group Regulation was approved by the Chairman of the Board of Management, who is also the Chief Sustainability Officer (CSO), and is valid throughout the Group. |
|--|--|--|

[Add row]

(C1.1d) Does your organization have at least one board member with competence on climate-related issues?

| 1 | 2 | 3 | 4 |
|---|--|---|--|
| Board member(s) have competence on climate-related issues | Criteria used to assess competence of board member(s) on climate-related issues* | Primary reason for no board-level competence on climate-related issues* | Explain why your organization does not have at least one board member with competence on climate-related issues and any plans to address board-level competence in the future* |
| <ul style="list-style-type: none"> Yes | <p>The top level of responsibility is held by the Chairman of the Board of Management in his role as Chief Sustainability Officer (CSO) together with the entire Board of Management. An external Sustainability Council provides the Board of Management with constructive criticism in all sustainability matters. The Public Affairs, Science, Sustainability & HSE enabling function helps the CSO and the Board of Management to identify risks and opportunities, develop strategies and define targets and guidelines for sustainability management, and also ensures the governance of all sustainability issues.</p> <p>EXPERTISE: The CSO is CONTINUOUSLY INFORMED ABOUT THE STATUS OF CLIMATE-RELATED TARGETS AND MEASURES during his regular meetings with the Head of Public Affairs, Science & Sustainability, who monitors all relevant topics in the field of sustainability and environment. He is an expert in the field of sustainability incl. CLIMATE with 25 years of experience. Today, he is part of the UN Climate and Water leaders of the World Meteorological Organization (WMO). Within our SUSTAINABILITY COUNCIL we have an expert within sustainability incl. CLIMATE with nearly 20 years of experience. Her focus is among others on the transition to sustainable technologies. Another member of our Sustainability Council is an expert with many years of corporate experience within sustainability incl. CLIMATE. As a co-founder of the Imagine Foundation, he endeavors to turn companies into pioneers in sustainable development.</p> <p>ENGAGEMENT: Bayer attended both the UN Climate Conference COP27 in Sharm el-Sheikh, Egypt, and the UN Biodiversity Conference COP15 in Montreal, Canada, to drive partnerships and advance the sustainable development goals. On the respective agendas were important issues such as agriculture, water, nutrition and biodiversity. The Chairman of the Board of Management in his role as CSO is supporting our Bayer Carbon Farming initiative that offers farmers in Brazil, United States, Europe and Asia financial incentives to apply climate-smart agricultural practices and capture greenhouse gases in the soil.</p> | n/a | n/a |

Management responsibility

(C1.2) Provide the highest management-level position(s) or committee(s) with responsibility for climate-related issues.

| 1 | 2 | 4 | 5 | 6 |
|--|--|---|---|--|
| Position or committee | Climate-related responsibilities of this position | Reporting line | Frequency of reporting to the board on climate-related issues via this reporting line | Please explain |
| <ul style="list-style-type: none"> Chief Sustainability Officer (CSO) | <ul style="list-style-type: none"> Setting climate-related corporate targets Monitoring progress against climate-related corporate targets Managing annual budgets for climate mitigation activities Managing climate-related risks and opportunities Integrating climate-related issues into the strategy Monitoring progress against climate-related corporate targets Managing value chain engagement on climate-related issues Providing climate-related employee incentives | <ul style="list-style-type: none"> Reports to the board directly | <ul style="list-style-type: none"> More frequently than quarterly | <p>i) POSITION IN THE CORPORATE STRUCTURE: As Bayer's CEO, the Chief Sustainability Officer (CSO) is the Chairman of the Board of Management. In this position, he and the other members of the Board of Management report to the Supervisory Board. The CEO is the direct superior of the Head of Public Affairs, Science, Sustainability & HSE (PASS&HSE) leading the Group-wide Public Affairs, Science, Sustainability & HSE function. There are regular meetings with the Head of PASS&HSE, in which sustainability topics are discussed.</p> <p>ii) RESPONSIBILITIES REGARDING THE ASSESSMENT AND MONITORING OF CLIMATE-RELATED ISSUES: The CSO carries DIRECT RESPONSIBILITY FOR the Group-wide sustainability program incl. CLIMATE-RELATED TARGETS AND MEASURES. For example, in 2021, the CSO decided to switch Bayers fleet set up to electric vehicles as quick as possible, as one lever to reduce the company's direct emissions from its own operations by -42% until end of 2029. In 2022, the CSO approved the updated Group Regulation on Sustainability. The CSO is CONTINUOUSLY INFORMED ABOUT THE STATUS OF CLIMATE-RELATED TARGETS AND MEASURES during his regular meetings with the Head of PASS&HSE, who monitors all relevant topics in the field of sustainability and environment. The Head of PASS&HSE is the direct superior of the Head of Sustainability, who is responsible for the day-to-day management of climate-related targets and measures, their monitoring, reporting and verification of related milestones. The Head of PASS&HSE and the Head of Sustainability initiated a SUSTAINABILITY DECISION COMMITTEE in 2021, which is the central body to align on Bayer's ambitious sustainability approach and oversee its implementation. It complements the existing PRODUCT SUPPLY COMMITTEE that is responsible for decision making for technical sustainability and HSE matters. The CSO is informed about the outcome of the meetings.</p> <p>During the official sign-off process of the Annual and Sustainability Report, the CSO is responsible for all content within his area of responsibility. As CSO he is therefore directly RESPONSIBLE FOR the entire non-financial section of our Annual and Sustainability Report including our CLIMATE-RELATED REPORTING. For example, in Bayer's Annual Report 2022, he was responsible for signing-off the description of our climate-related</p> |

| | | | | |
|--|--|--|--|---|
| | | | | <p>measures and key performance indicators (e.g. GHG emissions and energy) described in the chapter Environmental Protection. The CSO is informed several times by the Annual Report taskforce during the reporting cycle from Aug to Feb. The CSO is further informed on progress on climate related KPI as they are part of the board compensation targets. The CSO is also responsible for SIGNING OFF BAYER'S RESPONSE TO THE CDP CLIMATE CHANGE REQUEST.</p> <p>iii) RATIONALE FOR WHY RESPONSIBILITY LIES WITH THAT POSITION: As part of Bayer's corporate strategy, sustainability is firmly established at board level. Board-level as well as management-level responsibility for the Group's sustainable orientation lies with the CSO. This POSITION WAS SELECTED on management-level for oversight of all climate-related issues to ensure that climate-related targets and measures are monitored and driven on Group-level to ensure a comprehensive and cohesive approach to climate protection.</p> |
|--|--|--|--|---|

[Add row]

Employee incentives

(C1.3) Do you provide incentives for the management of climate-related issues, including the attainment of targets?

| 1 | 2 |
|---|--|
| Provide incentives for the management of climate-related issues | Comment |
| <ul style="list-style-type: none"> • Yes | <p>Bayer remunerates employees in accordance with a transparent and fair system that includes fixed and variable salary components. For employees responsible for our climate-related strategy or management, climate-related issues form part of the variable salary component. Additionally, in 2019, the Board of Management decided to use sustainability criteria including climate action measures as additional criteria for individual one-time payments (Top Performance Award).</p> <p>Non-financial targets, including our climate-related targets, constitute components of the short-term and long-term variable compensation of the Board of Management. In 2021, the Board of Management decided to adapt the long-term incentive (LTI) of eligible managers to the LTI of the Board of Management. This means that 20% of LTI of eligible managers incl. the Board of Management is linked to the Group sustainability targets which include climate protection targets.</p> <p>Bayer puts great emphasize on consistency in short- and long-term incentives between the Board of Management and the management/employees. With this approach, Bayer ensures that all employees are rewarded and steered into the same direction and that interests are aligned.</p> |

(C1.3a) Provide further details on the incentives provided for the management of climate-related issues (do not include the names of individuals).

| 1 | 2 | 3 | 4 | 5 | 6 | 7 |
|--|---|---|--|--|--|---|
| Entitled to incentive | Type of incentive | Incentive(s) | Performance indicator(s) | Incentive plan(s) this incentive is linked to | Further details of incentive(s) | Explain how this incentive contributes to the implementation of your organization's climate commitments and/or climate transition plan |
| <ul style="list-style-type: none"> Chief Sustainability Officer (CSO) | <ul style="list-style-type: none"> Monetary reward | <ul style="list-style-type: none"> Bonus - % of salary | <ul style="list-style-type: none"> Progress towards a climate-related target Achievement of a climate-related target Implementation of an emissions reduction initiative Reduction in absolute emissions | <ul style="list-style-type: none"> Both Short-Term and Long-Term Incentive Plan | <p>Bayer remunerates employees in accordance with a transparent and fair system that includes fixed and variable salary components. The variable component is determined by the company performance, the divisions, corporate functions and business services performance and by the individual employee's achievements.</p> <p>In 2022, the CSO received the majority of his remuneration as a variable income component consisting of short-term and long-term incentives. Within the short-term incentives, the performance of board members of Bayer AG is evaluated individually with regard to the performance in their respective areas of responsibility. The CSO is ACCOUNTABLE FOR THE AREA OF SUSTAINABILITY. His individual target attainment is determined by the Supervisory Board. Board members are incentivized on the attainment of sustainability KPIs. The variable compensation is based on the attainment of qualitative targets in areas such as innovation progress or safety, compliance and sustainability goals. Additionally individual goals for board members include sustainability e.g. for 2021: Further drive implementation of sustainability strategy in divisions and enabling functions and accelerate progress on sustainability ambitions. This strategy includes, e.g. ambitious climate measures to become a completely climate-neutral company by 2030.</p> <p>Since 2021, sustainability is also part of the long-term incentives for all board members including the CSO. Therefore, the Supervisory Board defines sustainability targets including our CLIMATE TARGETS over a 4-year span. These targets are incorporated into the long-term incentives with a weighting of 20%.</p> | <p>Our sustainability pledge to achieve a lasting impact is part of the team targets reflecting the collective responsibility of the members of the Board of Management. In addition, all members of the Board of Management are set individual targets tailored to their respective areas of responsibility. Target attainment is evaluated individually following the end of the fiscal year.</p> <p>The attainment levels for the team and individual targets are evaluated by the Supervisory Board. The multiplier applied to the attainment of the financial targets can range from 0.8 to 1.2 for each individual Board of Management member. The Supervisory Board defines specific sustainability goals for the four-year performance period that are taken into account with a weighting of 20%. Sustainability goals at both divisional and Group level can be taken into account. 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> |
| <ul style="list-style-type: none"> Board/Executive Board | <ul style="list-style-type: none"> Monetary reward | <ul style="list-style-type: none"> Bonus - % of salary | <ul style="list-style-type: none"> Progress towards a climate-related target Achievement of a climate-related target | <ul style="list-style-type: none"> Both Short-Term and Long-Term Incentive Plan | <p>Board members are incentivized on the attainment of sustainability KPIs. The variable compensation is based on the attainment of qualitative targets in areas such as innovation progress or safety, compliance and sustainability goals. Additionally, individual goals for board members include sustainability e.g. for 2022: Further drive implementation of sustainability strategy in divisions and enabling functions and accelerate progress on sustainability</p> | <p>Our sustainability pledge to achieve a lasting impact is part of the team targets reflecting the collective responsibility of the members of the Board of Management. In addition, all members of the Board of Management are set individual targets tailored to their respective areas of responsibility. Target attainment is</p> |

| | | | | | | |
|---|---|---|---|--|--|--|
| | | | <ul style="list-style-type: none"> • Implementation of an emissions reduction initiative • Reduction in absolute emissions | | <p>ambitions. This strategy includes, e.g. ambitious climate measures to become a completely climate-neutral company by 2030.</p> <p>Since 2021, sustainability is also part of the long-term incentives for all board members. Therefore the Supervisory Board defines sustainability targets over a 4-year span. These targets are incorporated into the long-term incentives with a weighting of 20%. At the beginning of each four-year tranche, the Supervisory Board determines a minimum value, a target corridor and a maximum value for the individual sustainability goals. The specific sustainability targets are disclosed in the Compensation Report. An explanation of how the achievement of the individual sustainability targets was determined will be published subsequently in the Compensation Report.</p> | <p>evaluated individually following the end of the fiscal year.</p> <p>The attainment levels for the team and individual targets are evaluated by the Supervisory Board. The multiplier applied to the attainment of the financial targets can range from 0.8 to 1.2 for each individual Board of Management member. The Supervisory Board defines specific sustainability goals for the four-year performance period that are taken into account with a weighting of 20%. Sustainability goals at both divisional and Group level can be taken into account. 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> |
| <ul style="list-style-type: none"> • Chief Financial Officer (CFO) | <ul style="list-style-type: none"> • Monetary reward | <ul style="list-style-type: none"> • Bonus - % of salary | <ul style="list-style-type: none"> • Progress towards a climate-related target • Achievement of a climate-related target • Implementation of an emissions reduction initiative • Reduction in absolute emissions • Supply chain engagement | <ul style="list-style-type: none"> • Both Short-Term and Long-Term Incentive Plan | <p>Board members, as the CFO, are incentivized on the attainment of sustainability KPIs. The variable compensation is based on the attainment of qualitative targets in areas such as innovation progress or safety, compliance and sustainability goals. The team targets for the Board of Management include sustainability e.g. for 2022: Drive sustainability communication and engagement, and improve reputation (internally and externally). This strategy includes, e.g. supply chain engagement to continuously strategically evolve sustainability topics in procurement.</p> <p>Since 2021, sustainability is also part of the long-term incentives for all board members. Therefore the Supervisory Board defines sustainability targets over a 4-year span. These targets are incorporated into the long-term incentives with a weighting of 20%. At the beginning of each four-year tranche, the Supervisory Board determines a minimum value, a target corridor and a maximum value for the individual sustainability goals. The specific sustainability targets are disclosed in the Compensation Report. An explanation of how the achievement of the individual sustainability targets was determined will be published subsequently in the Compensation Report.</p> | <p>Our sustainability pledge to achieve a lasting impact is part of the team targets reflecting the collective responsibility of the members of the Board of Management. In addition, all members of the Board of Management are set individual targets tailored to their respective areas of responsibility. Target attainment is evaluated individually following the end of the fiscal year.</p> <p>The attainment levels for the team and individual targets are evaluated by the Supervisory Board. The multiplier applied to the attainment of the financial targets can range from 0.8 to 1.2 for each individual Board of Management member. The Supervisory Board defines specific sustainability goals for the four-year performance period that are taken into account with a weighting of 20%. Sustainability goals at both divisional and Group level can be taken into account. In setting the sustainability goals, the</p> |

| | | | | | | |
|---|---|---|--|--|---|---|
| | | | | | | 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. |
| <ul style="list-style-type: none"> • Management group | <ul style="list-style-type: none"> • Monetary reward | <ul style="list-style-type: none"> • Bonus - % of salary | <ul style="list-style-type: none"> • Progress towards a climate-related target • Achievement of a climate-related target • Implementation of an emissions reduction initiative • Reduction in absolute emissions | <ul style="list-style-type: none"> • Both Short-Term and Long-Term Incentive Plan | The attainment of sustainability targets is also integrated as an additional parameter into the long-term variable compensation of upper management, similar to the compensation of the Board of Management. It will account for 20% of the target attainment within the long-term incentive. | <p>We consider sustainability to be at the core of our corporate responsibility – and it also safeguards our future growth. Sustainability (incl. climate-related issues) is therefore an essential component of our corporate strategy, our business activities, our corporate values and the way in which we conduct our business. Sustainability is at the center of our corporate vision of “Health for all, hunger for none.”</p> <p>Our compensation system is designed to ensure that we promote long-term and sustainable performance, that we set ambitious and measurable targets, that compensation is aligned toward performance and success, that short-term variable compensation is aligned toward the attainment of annual targets, that we take regulatory requirements fully into account, that we offer appropriate compensation in line with market rates. Bayer puts great emphasis on consistency in short- and long-term incentives between the Management Board and the management/employees. With this approach, Bayer ensures that all employees are rewarded and steered into the same direction and that interests are aligned.</p> |
| <ul style="list-style-type: none"> • Executive officer | <ul style="list-style-type: none"> • Monetary reward | <ul style="list-style-type: none"> • Bonus - % of salary | <ul style="list-style-type: none"> • Progress towards a climate-related target • Achievement of a climate-related target | <ul style="list-style-type: none"> • Short-Term Incentive Plan | The Head of Public Affairs, Science & Sustainability is directly reporting to the board member responsible for sustainability. As part of his variable income component he receives financial incentives that are directly linked to the success of our climate-related targets. Performance indicators include agreed milestones and set TARGETS with respect to our emission reduction targets. | <p>We consider sustainability to be at the core of our corporate responsibility – and it also safeguards our future growth. Sustainability (incl. climate-related issues) is therefore an essential component of our corporate strategy, our business activities, our corporate values and the way in which we conduct our business. Sustainability is</p> |

| | | | | | | |
|---|---|---|--|---|---|--|
| | | | <ul style="list-style-type: none"> • Implementation of an emissions reduction initiative • Reduction in absolute emissions | | | <p>at the center of our corporate vision of “Health for all, hunger for none.”</p> <p>Our compensation system is designed to ensure that we promote long-term and sustainable performance, that we set ambitious and measurable targets, that compensation is aligned toward performance and success, that short-term variable compensation is aligned toward the attainment of annual targets, that we take regulatory requirements fully into account, that we offer appropriate compensation in line with market rates. Bayer puts great emphasize on consistency in short- and long-term incentives between the Board of Management and the management/employees. With this approach, Bayer ensures that all employees are rewarded and steered into the same direction and that interests are aligned.</p> |
| <ul style="list-style-type: none"> • Executive officer | <ul style="list-style-type: none"> • Monetary reward | <ul style="list-style-type: none"> • Bonus - % of salary | <ul style="list-style-type: none"> • Progress towards a climate-related target • Achievement of a climate-related target • Implementation of an emissions reduction initiative • Reduction in absolute emissions | <ul style="list-style-type: none"> • Short-Term Incentive Plan | <p>The Head of Corporate Sustainability, reporting to the Head of Public Affairs, Science & Sustainability, receives financial incentives that are directly linked to the success of our climate-related targets as a part of her variable income component. Performance indicators include agreed milestones and set TARGETS with respect to our emission reduction targets.</p> | <p>We consider sustainability to be at the core of our corporate responsibility – and it also safeguards our future growth. Sustainability (incl. climate-related issues) is therefore an essential component of our corporate strategy, our business activities, our corporate values and the way in which we conduct our business. Sustainability is at the center of our corporate vision of “Health for all, hunger for none.”</p> <p>Our compensation system is designed to ensure that we promote long-term and sustainable performance, that we set ambitious and measurable targets, that compensation is aligned toward performance and success, that short-term variable compensation is aligned toward the attainment of annual targets, that we take regulatory requirements fully into account, that we offer appropriate compensation in line with market rates. Bayer puts great emphasize on consistency in short- and long-term incentives between the Board of</p> |

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| | | | | | | Management and the management/employees. With this approach, Bayer ensures that all employees are rewarded and steered into the same direction and that interests are aligned. |
| <ul style="list-style-type: none"> • Environment/Sustainability manager | <ul style="list-style-type: none"> • Monetary reward | <ul style="list-style-type: none"> • Bonus - % of salary | <ul style="list-style-type: none"> • Progress towards a climate-related target • Achievement of a climate-related target • Implementation of an emissions reduction initiative • Reduction in absolute emissions • Energy efficiency improvement | <ul style="list-style-type: none"> • Short-Term Incentive Plan | Managers from Bayer's Corporate Sustainability (CS) department receive financial incentives related to climate protection. For example, the annual performance targets of the department head for CS Strategy and Performance Management include the IMPLEMENTATION OF CLIMATE-RELATED TARGETS as a key measure. | <p>We consider sustainability to be at the core of our corporate responsibility – and it also safeguards our future growth. Sustainability (incl. climate-related issues) is therefore an essential component of our corporate strategy, our business activities, our corporate values and the way in which we conduct our business. Sustainability is at the center of our corporate vision of “Health for all, hunger for none.”</p> <p>Our compensation system is designed to ensure that we promote long-term and sustainable performance, that we set ambitious and measurable targets, that compensation is aligned toward performance and success, that short-term variable compensation is aligned toward the attainment of annual targets, that we take regulatory requirements fully into account, that we offer appropriate compensation in line with market rates. Bayer puts great emphasize on consistency in short- and long-term incentives between the Board of Management and the management/employees. With this approach, Bayer ensures that all employees are rewarded and steered into the same direction and that interests are aligned.</p> |
| <ul style="list-style-type: none"> • Energy manager | <ul style="list-style-type: none"> • Monetary reward | <ul style="list-style-type: none"> • Bonus - % of salary | <ul style="list-style-type: none"> • Progress towards a climate-related target • Achievement of a climate-related target • Implementation of an emissions | <ul style="list-style-type: none"> • Short-Term Incentive Plan | Bayer's GHG EMISSION REDUCTION TARGETS are cascaded down through the organization and translated into energy efficiency targets for energy/site managers. These energy efficiency targets form part of the performance indicators within their variable income component. According to the implementation strategy of ISO 50001, energy managers receive their short-term incentives dependent, amongst other, on the DEGREE OF ENERGY MANAGEMENT SYSTEM IMPLEMENTATION. | <p>We consider sustainability to be at the core of our corporate responsibility – and it also safeguards our future growth. Sustainability (incl. climate-related issues) is therefore an essential component of our corporate strategy, our business activities, our corporate values and the way in which we conduct our business. Sustainability is</p> |

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| | | | <p>reduction initiative</p> <ul style="list-style-type: none"> • Reduction in absolute emissions • Energy efficiency improvement | | | <p>at the center of our corporate vision of “Health for all, hunger for none.”</p> <p>Our compensation system is designed to ensure that we promote long-term and sustainable performance, that we set ambitious and measurable targets, that compensation is aligned toward performance and success, that short-term variable compensation is aligned toward the attainment of annual targets, that we take regulatory requirements fully into account, that we offer appropriate compensation in line with market rates. Bayer puts great emphasize on consistency in short- and long-term incentives between the Board of Management and the management/employees. With this approach, Bayer ensures that all employees are rewarded and steered into the same direction and that interests are aligned.</p> |
| <ul style="list-style-type: none"> • All employees | <ul style="list-style-type: none"> • Monetary reward | <ul style="list-style-type: none"> • Bonus - % of salary | <ul style="list-style-type: none"> • Progress towards a climate-related target • Achievement of a climate-related target • Implementation of an emissions reduction initiative • Reduction in absolute emissions • Energy efficiency improvement | <ul style="list-style-type: none"> • Short-Term Incentive Plan | <p>Bayer has implemented the Bayer Ideas Pool and the Ideas Forum, employee suggestion programs, which honor improvement ideas from employees with monetary bonus payments. The Ideas Pool and Ideas Forum also acknowledge ideas that lead to ENERGY SAVINGS and thus incentivizes ideas for ENERGY EFFICIENCY AND CO2 REDUCTION, which helps Bayer achieve its GHG EMISSIONS TARGETS. More than 2,500 ideas were submitted in 2022. 46% of the suggestions for improvement evaluated in 2022 were implemented. Since 2019, the Board of Management decided to use sustainability criteria including climate action measures as additional criteria for individual one-time payments (Top Performance Award).</p> | <p>We consider sustainability to be at the core of our corporate responsibility – and it also safeguards our future growth. Sustainability (incl. climate-related issues) is therefore an essential component of our corporate strategy, our business activities, our corporate values and the way in which we conduct our business. Sustainability is at the center of our corporate vision of “Health for all, hunger for none.”</p> <p>Our compensation system is designed to ensure that we promote long-term and sustainable performance, that we set ambitious and measurable targets, that compensation is aligned toward performance and success, that short-term variable compensation is aligned toward the attainment of annual targets, that we take regulatory requirements fully into account, that we offer appropriate compensation in line with market rates. Bayer puts great emphasize on consistency in short- and long-term incentives between the Board of</p> |

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| | | | | | | Management and the management/employees. With this approach, Bayer ensures that all employees are rewarded and steered into the same direction and that interests are aligned. |
| <ul style="list-style-type: none"> • All employees | <ul style="list-style-type: none"> • Non-monetary reward | <ul style="list-style-type: none"> • Internal company award • Public recognition | <ul style="list-style-type: none"> • Other, please specify: Climate-related projects | <ul style="list-style-type: none"> • Not part of an existing incentive plan | <p>Bayer has introduced the worldwide innovation platform "WeSolve" to strengthen the innovation culture in all business areas and to enhance worldwide collaboration. All Bayer employees globally can contribute to this platform to develop solutions, including those referring to CLIMATE PROTECTION. 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 climate-related topics.</p> | <p>Bayer is dedicated to scientific research and technological progress – that has always been the secret of our company's success, and it is also the key to transitioning to a sustainable economy. Bayer's success is essentially built on the knowledge and commitment of our employees.</p> <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, occupational safety and health protection are rewarded and utilized. Some 2,500 ideas were submitted in 2022, and 46% of the suggestions for improvement evaluated in 2022 were implemented. In the first year of implementation alone, those improvements that led to quantifiable benefits generated savings of some EUR 2.5 million.</p> |

[Add row]

C2 Risks and opportunities

Management processes

(C2.1) Does your organization have a process for identifying, assessing, and responding to climate-related risks and opportunities?

- Yes

(C2.1a) How does your organization define short-, medium- and long-term time horizons?

| 1 | 2 | 3 | 4 |
|--------------|--------------|------------|---------|
| Time horizon | From (years) | To (years) | Comment |
| Short-term | 0 | 1 | n/a |
| Medium-term | 1 | 5 | n/a |
| Long-term | 5 | 10 | n/a |

*(C2.1b) How does your organization define substantive financial or strategic impact on your business?

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. climate change-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 TO DEFINE SUBSTANTIVE FINANCIAL OR STRATEGIC IMPACT:

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 million). 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.

A qualitative assessment is based on criteria such as the effect on our strategy or reputation, the potential loss of stakeholder confidence, and/or 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. climate change-related risks.

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 TO DEFINE SUBSTANTIVE FINANCIAL OR STRATEGIC IMPACT:

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 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 change-related aspects, is evaluated via assessments and on-site audits.

***(C2.2) Describe your process(es) for identifying, assessing and responding to climate-related risks and opportunities.**

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| 1 | 2 | 3 | 4 | 5 |
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| Value chain stage(s) covered | Risk management process | Frequency of assessment | Time horizon(s) covered | Description of process |
|---|---|---|--|---|
| <ul style="list-style-type: none"> • Direct operations • Upstream • Downstream | <ul style="list-style-type: none"> • Integrated into multi-disciplinary company-wide risk management process | <ul style="list-style-type: none"> • More than once a year | <ul style="list-style-type: none"> • Short-term • Medium-term • Long-term | <p>Bayer 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 risk management system is aligned to internationally recognized standards and principles such as the ISO 31000 risk management standard.</p> <p>Our risk management process consists of risk identification, assessment, treatment, reporting and process monitoring and improvement. All relevant risks worldwide, incl. climate change-related risks, are recorded and monitored at an early stage in our risk management system. The risks are monitored CONTINUOUSLY by the risk owners in the operational divisions and functions. The risk portfolio is reviewed REGULARLY by the Bayer Assurance Committee. Our HSE and sustainability managers monitor climate-related legislative changes (e.g. analysis of EU Green Deal) and academic publications.</p> <p>i) PROCESS TO IDENTIFY (SUBSTANTIVE) CLIMATE-RELATED RISKS AND OPPORTUNITIES:</p> <p>Climate-related risks that apply to individual facilities are evaluated within our HSE management process. Potential physical risks related to climate change are covered and monitored by Bayer's Emergency Response System (BayERS), which is a mandatory element of the integrated HSE management system at Bayer's production sites. All risks worldwide, incl. climate change-related risks on asset level, that could significantly impact the achievement of our financial and non-financial objectives, are recorded and monitored at an early stage in our risk management system. Climate-related risks that apply especially to our Crop Science downstream business and therefore to the farmers and agricultural practices for the future are evaluated by a cross-functional team within Crop Science Strategy, Market Intelligence, Crop Experts and Public Affairs, Science & Sustainability employees. We have set up a wide framework based on TCFD, workshops, assessments and data modelling to identify risks and opportunities. Potential transitional and physical risks related to climate change are covered and monitored within this ongoing process. All risks worldwide, incl. climate change-related risks on business area, that could significantly impact the achievement of our financial and non-financial objectives, are recorded and monitored at an early stage in our risk management system. For example, natural disasters are part of the risk identification process within the sites by our Product Supply function concerning our Pharmaceutical and Consumer Health divisions.</p> <p>Crop Strategy and Segment/Asset Managers CONTINUOUSLY monitor market developments, megatrends and customer needs to identify and adjust research targets together with R&D. This includes climate-related customer and market needs. The identified opportunities and risks are updated at REGULAR conferences and incorporated into strategic and operational planning.</p> <p>ii) PROCESS TO ASSESS (SUBSTANTIVE) CLIMATE-RELATED RISKS AND OPPORTUNITIES:</p> <p>Potential climate-related risks and opportunities are reported to the Head of Public Affairs, Science, Sustainability & HSE and the Head of Sustainability, who are accountable for their identification and evaluation.</p> <p>Within our integrated holistic risk management system, the impact of each risk 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 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 million). Regarding our Product Supply function for example, a potential impact of EUR 7 million cash flow is regarded to be SUBSTANTIVE.</p> <p>A QUALITATIVE ASSESSMENT is based on criteria such as the impact 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. 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. Risks are classified as high, medium or low to assess their materiality regarding the overall externally reported risk portfolio.</p> <p>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.</p> <p>iii) PROCESS TO RESPOND TO (SUBSTANTIVE) CLIMATE-RELATED RISKS AND OPPORTUNITIES:</p> <p>Responsibility for the identification, assessment, treatment and reporting of risks lies with the operational business units in the divisions and enabling functions. The risk owners decide on the treatment strategy taking into account also already established risk management</p> |

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| | | | <p>measures also referred to as mitigation activities. General options for risk management measures are either taking the risk - accepting it as it is, e.g., with already implemented mitigation measures- or (further) mitigating it - reducing the likelihood of the risk materialization and/or the potential impact in case the risk materializes.</p> <p>iv) CASE STUDIES: PHYSICAL OPPORTUNITY: SCS Situation: Through the growth of climate uncertainty, Bayer identified food protection and security as one of the major climate-related risks that farmers are facing. Task: To address this situation Bayer's Smart Corn System (SCS) necessitated a new plant type with greater resistance against climate threats (short-stature corn), as well as digitally enabled agronomic recommendations that drive precision and efficiency. Trials for short-stature corn hybrids indicate a greater tolerance to high winds and other climatic stresses, all while offering a potential of higher yields. Action: Bayer has been working since 2010 on short-stature corn to enable the SCS. Combining new corn technologies with digital solutions, data-driven decision-making, modern and efficient management practices, a partnership approach, and potentially new business strategies such as outcome-based models, it is the next evolution of growing corn. Result: Assuming successful progress in the deployment of these traits, a new solution effective in controlling crop loss such as greensnap, stalk lodging, and root lodging could be available for use alongside other important tools to improve the impact of climate-related problems.</p> <p>DSR Situation: As a leading provider of agricultural solutions, Bayer recognizes the importance of sustainable agriculture and the role it plays in addressing the challenges of climate change. In particular, Bayer identified the need to develop more sustainable and efficient rice cultivation practices that can help smallholder farmers improve their livelihoods and protect the environment. Task: To address this situation, Bayer initiated a comprehensive project to promote the adoption of Direct Seeded Rice (DSR) as an alternative to traditional rice cultivation methods. The program aims to improve the ROI and sustainability of rice farming while reducing greenhouse gas emissions and the amount of water and labor required to produce rice. Action: Bayer's Direct Seeded Rice program involves several actions, including developing new seed varieties that are better suited to direct seeding, conducting research on the best management practices for DSR, and providing training and support to farmers on how to adopt this new cultivation method. Bayer also partners with local stakeholders and organizations (IRRI, DSRC) to raise awareness of the benefits of DSR and promote its adoption in rice-growing regions. Result: Field pilots covering Bayer solutions, planting services and agronomy package testing and further development as well as generation of carbon credits are well under way since last year in India. The rice crop system will consist of solution packages including but not limited to Arize hybrid rice seeds, weed management solutions including Council, Ronstar, seed growth (Reatis), pest and disease management portfolio (Vayego, Nativo), digital enabled advisory / application services.</p> <p>TRANSITIONAL RISK: #1 Situation: The manager responsible for monitoring climate-related legislation identified the risk from changed interpretation of the EEG law regarding capacity layer models. Task: Together with Bayer's legal team the risk was evaluated as about as likely as not in terms of likelihood and relevant in terms of potential impact. Action: The risk was then reported to the CHS Leadership Team and the responsible board member as well as to Accounting. To reduce the magnitude of this climate-related regulatory risk Bayer decided to conduct a thorough analysis including the involvement of external law firms and expertise. The transmission system operator has launched a judicial review of the existing "self-generation model". Result: The legal proceedings have been completed so far. Bayer has decided to use the amnesty rule as part of the last EEG amendment in 2021 and thus to give up the EEG-free capacity shift model. No further assessment of the EEG risk is necessary.</p> <p>#2 Situation: Our cross-functional team monitors market regulations closely. We observe that current global reduction/implementation is lacking behind the commitments. Additionally, regulation and ambition between different regions in the world are very different. We have identified the risk that regulations are likely to come faster than business and products can adapt under certain scenarios.</p> |
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| | | | | <p>Task: Together with business units the risk is evaluated and monitored to understand developments, as well as mitigation measures are implemented.</p> <p>Action: As regulations are evolving, we have set up special project teams, like for the EU Green Deal, to monitor these developments and implement strategies as well as actions.</p> <p>Result: We have included different actions into our strategies, one example is our net zero strategy and current implementation, the analysis around global trade and Carbon Border Adjustments or our focus on credible climate claims.</p> |
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[Add row]

(C2.2a) Which risk types are considered in your organization's climate-related risk assessments?

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|---------------------|---|---|
| Risk type | Relevance & inclusion | Please explain |
| Current regulation | <ul style="list-style-type: none"> Relevant, always included | <p>i) RELEVANCE AND INCLUSION IN RISK ASSESSMENT: We consider current regulation as relevant in our climate-related risk assessments BECAUSE compliance with climate-related regulations is critical to sustaining our business. Therefore our energy managers, sustainability managers and our legal team constantly monitor climate-related legislative changes and developments as well as interventions of the EU in the EUA (European Emission Allowances) market and analyze their potential impact on Bayer. Potential risks are reported to the Heads of Public Affairs, Science & Sustainability and Corporate Sustainability, who are accountable for the identification and evaluation of climate-related risks. Risks within the ERM scope are included into the Enterprise Risk Management Process.</p> <p>ii) EXAMPLE: Bayer considers the risk from current regulation, e.g. the impact of cap and trade schemes like the EU Emissions Trading Scheme (ETS), in which Bayer participates. Current legislative discussions in the EU are expected to further increase carbon prices. In this respect, the EU ETS is the main regulatory framework that poses a risk to the European industry. Current trends in certificate price appear to be consistent with the regulator's aim for a much higher certificate price in order to effectively realize steering of energy generation according to climate requirements. In light of this risk, the EU ETS could influence Bayer directly through our own energy generation facilities participating in the EU ETS and indirectly, through our supply chain with regard to energy supply, as we expect the prices for our purchased energy to rise. Between 2021 and 2024, Bayer expects total costs of EUR 60-80 million due to the possible continuous tightening of the EU ETS. We expect this impact to remain low. As life science company we don't have any energy-intensive production in the EU.</p> |
| Emerging regulation | <ul style="list-style-type: none"> Relevant, always included | <p>i) RELEVANCE AND INCLUSION IN RISK ASSESSMENT: We consider emerging regulation as relevant in our climate-related risk assessments BECAUSE it is critical to sustaining and developing our business. Our energy managers, sustainability managers and our legal team constantly monitor climate-related legislative changes and developments and analyze their potential impact on Bayer. Potential risks are reported to the Heads of Public Affairs, Science & Sustainability and Corporate Sustainability, who are accountable for the identification and evaluation of climate-related regulatory risks. Risks within the ERM scope are included into the Enterprise Risk Management Process.</p> <p>ii) EXAMPLE: Due to the recent developments in climate and energy politics and also as a consequence of the Paris Agreement, it is almost certain that the regulatory pressure will increase on a national, an EU and an international level. The German government's energy plan (Energy Concept 2050) will bring a fundamental change to our energy supply. A key factor is that electrical devices, buildings and transport will have to become significantly more efficient. Primary energy consumption is to be halved by 2050 compared to 2008 and the share of renewable energies in energy consumption is also to be increased to 60 percent by 2050. In addition, the German energy system is to stop using fossil fuels and thus become more environment-friendly. Another example is the ongoing discussion about Carbon Boarder Adjustments around the world.</p> |

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| Technology | <ul style="list-style-type: none"> • Relevant, always included | <p>i) RELEVANCE AND INCLUSION IN RISK ASSESSMENT: We consider technology as relevant in our climate-related risk assessments BECAUSE technology is an important driver not only for the development of our product portfolio and our operational efficiency, but it is also relevant in setting expectations about what can be achieved as the economies seek to reduce emissions of CO2 and other pollutants. Our sustainability and strategy managers constantly monitor and analyze technological changes and technical developments that could affect Bayer and analyze their potential impact. Potential risks are reported to the Heads of Public Affairs, Science, Sustainability & HSE and Corporate Sustainability, who are accountable for the identification and evaluation of climate-related risks. In case of relevance for the ERM scope, Enterprise Risk Management is informed about the risks. Risks within the ERM scope are included into the Enterprise Risk Management Process.</p> <p>Also, we constantly analyze the potential of emerging technologies such as carbon capture and storage in terms of their potential to help us mitigate climate-related risks and help improve our cost position and reduce GHG emissions. In addition to our successful reduction of own and upstream emissions (CO2e) we consider technologies an enabler to mitigate climate-related risks. One prominent example is the combination of digital technologies and advanced irrigation technology to manage resources quality and ensure highest quality for our customers.</p> <p>ii) EXAMPLE: In terms of risks, technology could potentially have an impact on our competitiveness via an increase of operational costs, effectiveness of our products or via effects on our reputation. Examples are current developments in technology in the field of mobility, such as E-Mobility or hydrogen fuel cells. A large part of Bayer's fleet consists of diesel fuel vehicles which are now being prohibited in some cities providing another incentive to consider alternatives, incl. renewable fuels. We already have E-Mobility pilot projects underway and we have joined the EV100 initiative. We are building up an infrastructure of charging stations. Bike sharing and car sharing for all employees are also launched.</p> <p>Since years we have projects in place to use satellite images, digital systems and irrigation technology (e.g. drip irrigation) to ensure the most effective water supply all along our seed production value chain.</p> |
| Legal | <ul style="list-style-type: none"> • Relevant, always included | <p>i) RELEVANCE AND INCLUSION IN RISK ASSESSMENT: We consider the legal framework in which we operate as relevant in our climate-related risk assessments BECAUSE compliance with applicable laws and regulations is generally relevant for Bayer. Risks within the ERM scope are included into the Enterprise Risk Management Process.</p> <p>Bayer closely monitors and reviews the global development in climate change litigation and in particular the claims raised against other companies focusing on the automotive, energy and fossil oil business sectors, which carbon emission footprints, however, are not comparable with Bayer's.</p> <p>ii) EXAMPLE: We are mitigating our climate-related risks with a good governance system and ambitious climate program. Oversight and awareness from the top with binding targets for all parts of the company as well as the value chain. Our climate program with a net zero commitment and the SBTi validated targets. Our teams are assessing the regulations world wide and reacting on requests coming from the legislative bodies. One example is our TCFD Reporting and the assessment of climate-related risks where we also focus on risk arising from regulatory and policy changes.</p> <p>Bayer AG (BAG) considers the risk from climate-related litigation, e.g. due to issues resulting from the interpretation of climate-related regulations. One potential issue that might lead Bayer to litigate is due to a revision to the Renewable Energy Sources Act (EEG). This EEG revision that became effective at the start of 2017 declared that energy generation via capacity layer models is not subject to the burden-free self-generation. For existing facilities an option for "amnesty" exists, if several conditions are met. The burden of prove lies with the participants in the capacity layer model. If the Federal Network Agency does not accept the arguments delivered by the participants EEG-savings of the past (since 2014) and future savings are at risk. Bayer is a participant in a capacity layer model together with other consortium partners since 2008. In light of the new interpretation the EEG has applied to capacity layer models, this risk of retroactive EEG apportionment payments could influence BAG's direct operations. Based on a timeframe of 5 years (2016-2020) for which potential retroactive payments could become relevant, BAG calculates the financial impact of this risk to be about EUR 120 million. Bayer has already endeavoured to meet all conditions stipulated for amnesty of existing plants but amnesty is not yet confirmed. The transmission system operator (TSO) has launched a judicial review of the existing "self-generation model". Currently there are no energy-relevant legal issues.</p> |

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| Market | <ul style="list-style-type: none"> • Relevant, always included | <p>i) RELEVANCE AND INCLUSION IN RISK ASSESSMENT: We consider market developments as relevant in our climate-related risk assessments BECAUSE they originate from both the supply and demand side. Our sustainability managers constantly monitor our sustainability-related performance incl. climate-related issues. We analyze the sustainability performance of our peers in order to better understand potentially emerging reputational risks. Potential risks are reported to the Heads of Public Affairs, Science, Sustainability & HSE and Corporate Sustainability, who are accountable for the identification and evaluation of climate-related risks. Risks within the ERM scope are included into the Enterprise Risk Management Process.</p> <p>Bayer's supply chain transparency tool provides a strong visibility of our supply network. A natural disaster index indicates the risk related to extreme weather events. Through a large database of online sources, the system detects earliest indicators of company-specific risks and monitors those. Real-time alerts on potentially disrupting events containing details of potentially affected materials and products allow Bayer a proactive risk assessment. We are continuously improving our sub-tier transparency to also monitor risks concerning the suppliers of our suppliers.</p> <p>ii) EXAMPLE: Bayer considers potential market risks, which could potentially affect the demand for our products e.g. through the impact of climate-related reputation. Worldwide, investors, NGOs and the public increasingly focus on how companies are dealing with environmental issues such as climate. Currently, there is no indication that climate-related reputation risks might increase for Bayer. E.g., in 2019, Bayer's inclusion in the FTSE4Good was confirmed – further strengthening Bayer's reputation. In 2022 Bayer was again evaluated by CDP as one of the leading international companies in the area of climate protection.</p> <p>Bayer also monitors market risks regarding an interruption of supply e.g. due to climate change-related extreme weather events. E.g., for one supplier in Japan, the risk of natural disasters is relatively high. Bayer closely monitors this risk and validates that we have enough storage or further suppliers. For Bayer, supply chain risks related to climate change do not represent a substantial threat compared to other supply chain risks. Currently, there is no indication that risks due to climate change-related weather extremes increase relevantly at supplier sites.</p> |
| Reputation | <ul style="list-style-type: none"> • Relevant, always included | <p>i) RELEVANCE AND INCLUSION IN RISK ASSESSMENT: We consider reputational risks as relevant in our climate-related risk assessments BECAUSE it is an essential part of our long-term success. Our sustainability managers constantly monitor our sustainability-related performance incl. climate-related issues. Also, we analyze the sustainability performance of our peers in order to better understand potentially emerging reputational risks. Potential risks are reported to the Heads of Public Affairs, Science, Sustainability & HSE and Corporate Sustainability, who are accountable for the identification and evaluation of climate-related risks. Risks within the ERM scope are included into the Enterprise Risk Management Process. Impact on reputation is one of the qualitative assessment scales applied for risk assessment within ERM.</p> <p>Also, Bayer identifies and prioritizes sustainability-related risks, including those related to climate change, by analyzing the expectations of important stakeholders. These are matched up with an internal assessment, thereby deriving the relevant fields of action for Bayer. The findings are documented in a materiality matrix. It encompasses the changing priorities of external and internal stakeholders in relation to the relevance for Bayer and its stakeholders on a scale ranging from low to very high. It includes different fields of actions, e.g. climate protection (rated very high in terms of stakeholder relevance and very high in terms of relevance for Bayer in the materiality matrix).</p> <p>ii) EXAMPLE: Bayer considers potential risks arising from climate-related reputation which could potentially affect the demand for our products or our access to capital. Worldwide, investors, NGOs and the public are increasingly focusing on how companies are dealing with environmental issues such as climate change and how they are integrating these topics into their business strategies and transparent communication. Currently, there is no indication that climate-related reputation risks might increase for Bayer. E.g., in 2019 Bayer's inclusion in FTSE4Good, an important sustainability index, was confirmed – further strengthening Bayer's reputation. Bayer also continues to be listed on the MSCI World Low Carbon Target Index, the STOXX® Europe Sustainability Index and the STOXX® Global ESG Impact index. In addition, in 2022 Bayer was again evaluated by CDP as one of the leading international companies in the area of climate protection.</p> |
| Acute physical | <ul style="list-style-type: none"> • Relevant, always included | <p>i) RELEVANCE AND INCLUSION IN RISK ASSESSMENT: We consider acute physical risks as relevant in our climate-related risk assessments BECAUSE increases in severity and frequency of extreme weather conditions such as hurricanes, wildfire, and floods present major challenges to operations and the value chain. We especially observe risks in our downstream agricultural value chain, with significant impacts on local farmers around the world. Bayer observes these risks for all sites worldwide considering historic data and the next 10 years. The potential impact is evaluated regularly based on external research and our risk reporting: For example, we evaluated external studies such as a Global Insight study on weather developments and the IPCC AR6 report, we analyzed risks reported to the Head of Corporate Health, Safety and Environment and the Head of Corporate Sustainability, and we discussed potential risks with our divisions. Risks within the ERM scope are included into the Enterprise Risk Management Process.</p> |

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| | | <p>ii) EXAMPLE: Bayer considers potential acute physical risks in the form of climate change-related extreme weather events, such as cyclones, hurricanes or floods affecting our business (e.g. seed production activities). An increase of such weather events affecting our value chain could result in increased operational and capital cost and disruption in our production leading to a sales impact.</p> |
| Chronic physical | <ul style="list-style-type: none"> • Relevant, always included | <p>i) RELEVANCE AND INCLUSION IN RISK ASSESSMENT: We consider chronic physical risks as relevant in our climate-related risk assessments BECAUSE for many regions in the world, changing weather patterns pose major challenges to operations and the value chain. Water scarcity is one major chronic effect of climate change. Bayer observes the risks of climate-related droughts considering historic data and the next 10 years. The potential impact is evaluated regularly based on external research and our risk reporting: For example, we evaluated external studies such as a Global Insight study on weather developments and the IPCC AR6 report, we analyzed risks reported to the Head of Corporate Health, Safety and Environment and the Head of Corporate Sustainability, and we discussed potential risks with our divisions. Risks within the ERM scope are included into the Enterprise Risk Management Process.</p> <p>ii) EXAMPLE: Bayer considers chronic physical risks due to climate change-related changes in the water cycle, with significant impacts for agriculture. A potential increase of droughts affecting our production facilities could result in increased operational and capital cost and disruption in our production. An increase of droughts affecting our customers could lead to a reduction in demand for our products, such as seeds and crop protection products, in the affected regions. From a production standpoint we manage risk from drought by mainly regenerative and climate-smart agriculture, contracting on irrigated hectares and geographical allocation by spreading production hectares in different regions. This can also include winter production (counter season). Bayer's strategy and sustainability teams monitor long-term chronic climate implications to understand risks to our production systems (e.g. seed production) and to sustain and expand production of demanded commodities in challenged geographies, e.g. drive innovation to mitigate climate-related yield losses to provide solutions to growers and stay competitive.</p> |

Risk disclosure

(C2.3) Have you identified any inherent climate-related risks with the potential to have a substantive financial or strategic impact on your business?

- Yes

***(C2.3a) Provide details of risks identified with the potential to have a substantive financial or strategic impact on your business.**

Risk 1

| 1 | 2 | 3a | 3b | 4 | 6 | 7 |
|------------|--|-----------|-------------------------------------|------------------------------------|------------------------------|--------------|
| Identifier | Where in the value chain does the risk driver occur? | Risk type | Primary climate-related risk driver | Primary potential financial impact | Company-specific description | Time horizon |

| | | | | | | |
|-------|---|--|---|--|--|---|
| Risk1 | <ul style="list-style-type: none"> • Direct operations | <ul style="list-style-type: none"> • Current Regulation | <ul style="list-style-type: none"> • Carbon pricing mechanisms | <ul style="list-style-type: none"> • Increased direct costs | <p>i) CLEAR DESCRIPTION: As the UN identified climate change as one of the biggest risks for mankind, countries and regions like EU and China are committed to limit global warming by reducing greenhouse gas emissions, which are contributing to changes in the earth's climate. The EU has agreed on and published the European Green Deal to accelerate transformation towards a net-zero future and committed to be climate neutral in 2050. In line with this, legislative discussions in the EU are expected to further increase carbon prices (e.g. CO2 tax), adjust financing incentives (e.g. EU Taxonomy) and drive changes of technology (e.g. fostering renewable energy, hydrogen power). China is committed to become net zero in 2060 and it is expected that regulations will be implemented.</p> <p>The EU Emissions Trading System (ETS) is the main regulatory framework that poses a risk to the European industry. A further increase in carbon prices is expected through the reduction in the number of carbon allowances (EUA) on the market. In the long-term, a further impact on the ETS factor is expected from the framework for the EU Roadmap 2030. Further price increases are likely to occur due to recent developments in climate and energy politics and also as a consequence of the Paris Agreement. Current trends in EUA price appear to be consistent with the regulator's aim for a much higher EUA price in order to effectively realize steering of energy generation according to climate requirements. In the fourth trading period (2021-2030) of the European emissions trading, plant operators of the industry continue to benefit from the allocation of free emission certificates. However, with the adaptation of the carbon leakage list (adjustment of the industry branches) the free allocation of EUA's for Bayer were significantly shortened. This means that Bayer is exposed from this area of larger market risks, with the procurement of EUA's.</p> <p>In order to prevent 'carbon leakage', which is the transfer of production to countries with less stringent emission rules in place, the EU is discussing CARBON BORDER ADJUSTMENT mechanisms. This new mechanism would place a carbon price on imports of certain goods from outside the EU, in order to reduce the risk of carbon leakage and push EU partners to raise their climate ambition.</p> <p>ii) EFFECT ON BAYER: In light of this risk, the EU ETS could influence Bayer directly and indirectly: directly from own CHP plants with less free-allocated EUA's (expected financial impact amounts EUR28 million per year depending on the market price of the EUA) and indirectly through our energy industry. As a globally operating company with a widely diversified value chain, the carbon border adjustment mechanisms would affect Bayer in its direct operations and its procurement. The additional carbon price on imports of certain goods from outside the EU could increase the price of primary purchasing products. Overall, the degree to which Bayer is affected is rather minor. As a life science company we don't have any energy intensive production in the EU.</p> | <ul style="list-style-type: none"> • Medium-term |
|-------|---|--|---|--|--|---|

| | | | | | |
|---|---|---|---|---|---|
| 8 | 9 | 10 | 11 | 12 | 13 |
| Likelihood | Magnitude of impact | 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"> • Very likely | <ul style="list-style-type: none"> • Low | <ul style="list-style-type: none"> • Yes, an estimated range | n/a | 60,000,000 | 80,000,000 |

| | | | |
|----|----|----|----|
| 14 | 15 | 16 | 17 |
|----|----|----|----|

| Explanation of financial impact figure | Cost of response to risk | Description of response and explanation of cost calculation | Comment |
|--|--------------------------|--|---------|
| <p>i) APPROACH: The potential impact of this risk is increased prices for our purchased energy due to a continuous tightening of the EU ETS.</p> <p>ii) CALCULATION: Between 2021 and 2024, Bayer expects total costs of EUR 60-80 million due to the possible continuous tightening of the EU ETS. This calculation is based on internal emission regulations of the respective sites and the assumption that an increase in the price of emission allowances will initially rise to EUR 100 per ton during this period.</p> <p>iii) ASSUMPTIONS: We assume that the political decision makers are aiming for a certificate price of around EUR 130 per ton for the needs-based management of energy production. Overall, the indirect impact of the EU ETS should remain relatively low as Bayer has invested heavily in energy efficiency measures in the past.</p> | 18,1000,000 | <p>To reduce the magnitude of climate-related regulatory risks Bayer is investing in energy efficiency in its own operations and is engaged in a constructive dialogue with policy makers.</p> <p>a) CASE STUDY: Situation: Bayer is committed to limit global warming by reducing greenhouse gas emissions, which are contributing to changes in the earth's climate. Task: Further reduction of emissions from own operations is required. Action: Bayer is implementing more efficient production processes, thereby reducing emissions in its own operations. FOR EXAMPLE, efficiency measures in 2022 included process optimizations in several sites e.g. regarding heat recovery, pinch pointing, and effectiveness of steam generation. Result: In 2022, Bayer implemented energy efficiency and emissions reduction projects that resulted in an overall reduction of 33,951 metric tons in CO2 emissions.</p> <p>b) CASE STUDY: Situation: The EU has agreed on and published the European Green Deal to accelerate transformation towards a net-zero future and committed to be climate neutral in 2050. In line with this, legislative discussions in the EU are expected to further increase requirements. Task: Engagement in a constructive dialogue with policy makers is required. Action: Bayer is closely monitoring the policy debate concerning the EU ETS and other regulatory frameworks worldwide. This allows Bayer to anticipate regulatory trends which can help to reduce the magnitude of climate-related regulatory risks. Result: National liaison offices are key touchpoints between the company and political stakeholders (implemented and ongoing).</p> <p>COST CALCULATION: a) The total investment costs for the energy efficiency and emissions reduction initiatives of Bayer AG that were implemented in 2022 amount to EUR 11.6 million. b) In 2022, the costs incurred at our liaison offices in Europe for human resources, material and projects totaled approx. EUR 4.0 million in Berlin, Germany and EUR 2.5 million in Brussels, Belgium. Bayer's EU lobbying work also included climate-related discussions.</p> | n/a |

Risk 2

| 1 | 2 | 3a | 3b | 4 | 6 | 7 |
|------------|--|-----------|-------------------------------------|------------------------------------|-------------------------------|--------------|
| Identifier | Where in the value chain does the risk driver occur? | Risk type | Primary climate-related risk driver | Primary potential financial impact | Company- specific description | Time horizon |

| | | | | | | |
|-------|--|--|--|--|--|--|
| Risk2 | <ul style="list-style-type: none"> Downstream | <ul style="list-style-type: none"> Chronic physical | <ul style="list-style-type: none"> Changing precipitation patterns and types (rain, hail, snow/ice) | <ul style="list-style-type: none"> Decreased revenues due to reduced demand for products and services | <p>i) CLEAR DESCRIPTION: All climate models anticipate a significant impact on the climate and climatic conditions. Based on current actions a warming of 2.7°C until 2100 is projected. Even in a more optimistic scenario the impacts on agriculture will be significant. Impacts will arise due to changing conditions for current crops in one region but also where what is grown in the future. The IPCC report and the data describes the implications of climate change with increased temperatures and on the water cycle. Long-term climate changes, whose intensity can vary according to region, present a challenge in particular for the agriculture industry. There are increasing risks of harvest losses, harvest quality and thus for the agricultural value chain as a whole. With a changing water cycle, therefore impacts on precipitation times, soil moisture, intensities and many more impacts, agriculture will change. This risk is part of our climate change risk. Potential financial impact figure range relates to the overarching risk.</p> <p>ii) EFFECT ON BAYER: The markets in which our division Crop Science operates are highly impacted by changing climate patterns, especially the water cycle. Climate change means also water challenges and this especially holds true for agriculture. Crop Science sales account for approx. 49% of the total Bayer Group sales with EUR 25,169 million in 2022. We are conducting long term yield impact studies with cross functional teams to understand impacts on agriculture activities and current technologies. One example is the agriculture in California where a significant amount of water during the raining season comes from the snow in the mountains. As the temperature is rising and watercycles are changing, precipitation might stay at the same level but time and condition will change (rain instead of snow). We have already experienced impacts within the last years. These examples highlight how farmers in particular, and by extension the Bayer Group, are affected by chronic climate pattern changes. According to external expert judgement, it is likely that climatic patterns are about to increase in speed and intensity within the next years. Thus risks also pose opportunities where innovation can mitigate those risks for growers.</p> | <ul style="list-style-type: none"> Short-term |
|-------|--|--|--|--|--|--|

| 8 | 9 | 10 | 11 | 12 | 13 |
|--|---|---|---|---|---|
| Likelihood | Magnitude of impact | 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"> About as likely as not | <ul style="list-style-type: none"> Medium-high | <ul style="list-style-type: none"> Yes, an estimated range | n/a | 750,000,000 | 1,500,000,000 |

| 14 | 15 | 16 | 17 |
|--|---------------------------------|--|----------------|
| Explanation of financial impact figure | Cost of response to risk | Description of response and explanation of cost calculation | Comment |
| <p>i) APPROACH: The overarching risk Climate Change will negatively affect our Crop Science business. The potential impact of this risk is a reduced demand for products and services, a negative annual sales growth rate in total for all our Crop Science</p> | 2,876,000,000 | <p>The Crop Science division mitigates the risk of climate change through the use of innovation, technology and adaption. We globally diversify our business, build up strong supply chains, integrate climate assessments into global sales and operational planning processes and closely monitor market tendencies. Weather and climate aspects are taken into account when evaluating the risks for its business, aligning its business strategy and focusing R&D efforts. We have build up a cross-functional team to further improve our understanding and implement activities.</p> | n/a |

| | | |
|--|---|--|
| <p>products and services at global level, which could persist over several years. Changing climatic patterns and therefore impacts on water cycles are one driver of this overarching risk.</p> <p>ii) CALCULATION: We have made a calculation for the entire risk and to climate modeling to get a better understanding. Calculation can only be provided with limited accuracy as we are looking until 2050 or longer. Following our risk analysis method, the risk was evaluated and was classified as a risk with significant impact (EUR 750-1,500 million).</p> <p>iii) ASSUMPTIONS: During our risk assessment, it was concluded that the potential impact of the specific part of the risk concerning climate on our business cannot be singled out easily from the overall global effects which are closely linked together. And thus, have not been evaluated stand alone at this point. A more detailed quantification will be developed as part of the further implementation of TCFD recommendations as requested by our investors.</p> | <p>a) CASE STUDY: Situation: All climate models anticipate an increase in average temperature leading to changing growing season and impacts on water cycles. Already today we experience the impacts at various locations every year. This can result in an earlier harvesting or increased demand for irrigation. In some parts of the world we also experience water restrictions due to the changing water cycles. Task: As a seed producer, we want to develop plants with increased resistance against climate impacts and mitigate climate change. That includes dry seeded rice that releases less greenhouse gases and saves water at the same time. There are also other impacts like increases in sea levels which are a direct impact of climate change. Action: Through breeding, plant biotechnology and genome editing, we have succeeded in developing seed varieties that enable dry seeded rice that has multiple benefits. Result: Our Arize® hybrid rice is meant to be dry seeded – improving production and reducing GHG emissions by 19% compared to other traditional open-pollinated varieties of rice. We intend to increase adoption in the coming years.</p> <p>b) CASE STUDY: Situation: In the Mekong delta of Vietnam, salt seawater is increasingly penetrating into inland areas through rivers and ditches and destroying rice harvests. The problem has become a serious threat, and not just for farmers: as the world's second-biggest rice exporter, Vietnam plays a key role in feeding the world population. Task: But the situation in the delta has now deteriorated dramatically. Climate change is to blame: the constant sound of rain that has been the soundtrack to the Vietnamese wet season for millennia was nearly silent last year. The meager rainfall was not sufficient to wash the fields clean. And dams now hold back some of the nutrient-rich water that travels down the Mekong. At the same time, the sea level has risen millimeter by millimeter in recent decades, causing the salt water to move further and further inland. Action: Bayer's research helps farmers in the delta: during the development of new hybrid rice varieties, the company modifies the seed's properties to meet the specific needs of rice growers. „Farmers in the Mekong delta need robust, high-yielding rice varieties that can thrive even in very salty water,“ explains Nguyen Thanh Hoan Hao, a seed specialist in Vietnam. Eight years ago, therefore, Bayer developed Arize hybrid. „It's not just less susceptible to disease and higher-yielding, it also tolerates a higher salt content in water far better than conventional varieties.“ Result: Bayer has already saved countless harvests in the delta with such innovative products, says Thanh Hoan Hao. „Many farmers today rely on Arize hybrid rice seed.“</p> <p>COST CALCULATION: Bayer's 2022 R&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. Specific allocations of R&D expenses cannot be disclosed for competitive reasons. Climate change is an important factor for our business strategy and respective R&D efforts.</p> | |
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Risk 3

| 1 | 2 | 3a | 3b | 4 | 6 | 7 |
|-------------------|---|------------------|--|---|--------------------------------------|---------------------|
| Identifier | Where in the value chain does the risk driver occur? | Risk type | Primary climate-related risk driver | Primary potential financial impact | Company- specific description | Time horizon |

| | | | | | | |
|-------|--|--|---|--|---|--|
| Risk3 | <ul style="list-style-type: none"> Downstream | <ul style="list-style-type: none"> Acute Physical | <ul style="list-style-type: none"> Heat wave | <ul style="list-style-type: none"> Decreased revenues due to reduced demand for products and services | <p>i) CLEAR DESCRIPTION: All climate models anticipate an increase in volatility and strenght of extreme weather conditions. The IPCC report describes the implications of climate change with increased temperatures and more intense as well as more frequent extreme weather conditions. Short-term (extreme) weather conditions and long-term climate changes, whose intensity can vary according to region, present a challenge in particular for the agriculture industry. These acute physical impacts are very difficult to predict and to prepare for. There are increasing risks of harvest losses, harvest quality, commodity prices, infestation levels and thus negative impacts for the agricultural value chain as a whole. This risk is part of our seasonal and economic fluctuations risk. Potential financial impact figure range relates to the overarching risk. Other risks include extreme weather conditions such as storms, flooding, droughts or fires, which lead to harvest losses, or pests and diseases or other impacts which destroy harvests. On top indirect effects on the value chain like impacts on availability will long term impact value chain actors, e.g., farmers liquidity is impacted by poor harvests.</p> <p>ii) EFFECT ON BAYER: The markets in which our division Crop Science operates are highly cyclical and volatile due to seasonal and economic fluctuations of external factors such as weather, infestation levels, technology adoption, planting decisions, harvest quantity and quality, commodity price fluctuations, and other. Crop Science sales account for approx. 49% of the total Bayer Group sales with EUR 25,169 million. Extreme weather will have and already had effects on Crop Science sales. In 2019, extreme weather conditions in the United States in the first half of the year, led to lower sales at soybean seed & traits and herbicides. In 2019, Crop Science also recorded a sharp decline in business at herbicides in Australia and in China, as a result of the dry weather. In 2022 a short term agricultural drought has impacted the harvest in some parts of Italy where havest were significantly impacted of almost all crops. This was leading to various indirect effects, especially on liquidity, contracts, commodity prices. These examples highlight how farmers in particular, and by extension the Bayer Group, are affected by volatile weather conditions. According to external expert judgement, it is likely that extreme weather conditions are about to increase in frequency in connection with climate change. Thus risks also pose opportunities where innovation can mitigate those risks for growers.</p> | <ul style="list-style-type: none"> Short-term |
|-------|--|--|---|--|---|--|

| 8 | 9 | 10 | 11 | 12 | 13 |
|--|---|---|--|--|--|
| Likelihood | Magnitude of impact | 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"> About as likely as not | <ul style="list-style-type: none"> Medium-high | <ul style="list-style-type: none"> Yes, an estimated range | n/a | 750,000,000 | 1,500,000,000 |

| 14 | 15 | 16 | 17 |
|--|--------------------------|--|---------|
| Explanation of financial impact figure | Cost of response to risk | Description of response and explanation of cost calculation | Comment |
| i) APPROACH: | 2,876,000,000 | The Crop Science division mitigates the risk of seasonal and economic fluctuations through global diversification of its business, strong supply chain management, the global sales and operational planning processes and close | n/a |

| | | | |
|---|--|---|--|
| <p>The overarching risk of seasonal and economic fluctuations could negatively affect our Crop Science business. The potential impact of this risk is a reduced demand for products and impacts liquidity of the value chain, a negative annual sales growth rate in total for all our Crop Science products and services at global level, which arise in different areas of the world. Volatile weather conditions – which are anticipated to increase in frequency due to climate change, are one driver of this overarching risk.</p> <p>ii) CALCULATION: We have made a calculation for the entire risk of economic and seasonal fluctuations. Calculation can be provided for seasonal and economic fluctuations risk. Following our risk analysis method, the risk was evaluated and was classified as a risk with significant impact (EUR 750-1,500 million).</p> <p>iii) ASSUMPTIONS: During our risk assessment, it was concluded that the potential impact of the specific part of the risk concerning weather/climate on our business cannot be singled out easily from the overall global effects which are closely linked together. And thus, have not been evaluated stand alone at this point. A more detailed quantification will be developed as part of the further implementation of TCFD recommendations as requested by our investors.</p> | | <p>monitoring of market tendencies. Weather and climate aspects are taken into account when evaluating the risks for its business, aligning its business strategy and focusing R&D efforts. On an operational level we are building on regenerative agriculture which is more resistant with regards to acute events.</p> <p>a) CASE STUDY: Situation: All climate models anticipate an increase in extreme weather conditions. Losses in the United States due to bent plants amount to between 5 and 25% a year depending on the severity of weather events. Task: As a seed producer, we want to develop plants with increased resistance against extreme weather conditions. That includes short-stature corn that is less susceptible to storms. Action: Through breeding, plant biotechnology and genome editing, we have succeeded in developing seed varieties that enable the growth of shorter corn plants that have the potential to not bend or break as easily as corn plants of regular height in the presence of strong winds or heavy rain. Result: We intend to commercialize short-stature corn in the coming years.</p> <p>b) CASE STUDY: Situation: Short-term (extreme) weather conditions and long-term climate changes, whose intensity can vary according to region, present a challenge in particular for the agriculture industry. There are increasing risks of harvest losses and thus for the agricultural value chain as a whole. Task: We want to enable farmers to react better and more quickly to extreme weather conditions with our FieldView™ digital farming platform. Action: This comprehensive digital product offering is promoted to farmers helping to improve yields, creating substantial advantages for the environment as well as to cope with extreme weather events and changing conditions. Result: Climate FieldView™ is currently available in North America, South America, Turkey, South Africa, Australia and Europe.</p> <p>COST CALCULATION: Bayer's 2022 R&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. Specific allocations of R&D expenses cannot be disclosed for competitive reasons. Climate change is an important factor for our business strategy and respective R&D efforts.</p> | |
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Opportunity disclosure

(C2.4) Have you identified any climate-related opportunities with the potential to have a substantive financial or strategic impact on your business?

- Yes

(C2.4a) Provide details of opportunities identified with the potential to have a substantive financial or strategic impact on your business.

Opportunity 1

| 1 | 2 | 3 | 4 | 5 | 6 | 7 |
|------------|--|---|--|--|--|---|
| Identifier | Where in the value chain does the opportunity occur? | Opportunity type | Primary climate-related opportunity driver | Primary potential financial impact | Company-specific description | Time horizon |
| Opp1 | <ul style="list-style-type: none"> Downstream | <ul style="list-style-type: none"> Products and services | <ul style="list-style-type: none"> Development of new products or services through R&D and innovation | <ul style="list-style-type: none"> Increased revenues resulting from increased demand for products and services | <p>i) DESCRIPTION: The agricultural business is strongly tied to the climate. Droughts and precipitation extremes can have severe effects on yields. A climate change-induced change in the frequency of extreme weather events can lead to an increased demand for products with the capacity to adapt to extreme conditions. This increasing demand is especially relevant for existing Crop Science products and products in early research phases. Bayer is investing in research which contributes to the alleviation of the agronomic consequences of changing weather patterns, primarily related to an increased occurrence of extreme weather events such as floods, droughts, heat, cold or storms. These factors cause abiotic stress to plants and are responsible for significant yield losses.</p> <p>ii) EFFECT ON BAYER: Bayer is developing and providing technologies that respond to these challenges by reducing the detrimental effects of biotic and abiotic stress influences during agricultural production. E.g., Bayer is investing in using precision breeding technologies to develop new varieties of crops tailored to grow well in diverse growing conditions. In our state-of-the-art glasshouse facility in Arizona we can simulate growing conditions to accelerate the development of tailored plant varieties for optimized yield and biotic and abiotic stress resistance.</p> <p>Bayer commercialized a flood resistant hybrid rice variety in Bangladesh and is working on salinity resistant rice varieties that allow growing in densely populated low land deltas that are invaded by rising sea level and typhoons. Bayer is also engaged in developing dry seeded rice, reducing water requirements where water availability is becoming limiting. Flooded paddy rice has been identified as a significant contributor to emissions of methane, a potent greenhouse gas. As part of the India Sustainable Rice project started in 2021, Bayer is evaluating GHG reduction as well as water-saving potential in the cultivation of rice. Bayer is engaged in developing a rice crop system powered by direct seeding. This will reduce labor requirement, optimize water use for growing rice and reduce GHG emissions especially methane. Field pilots covering Bayer solutions, planting services and agronomy package testing and further development as well as generation of carbon credits are well under way since last year in India. Bayer has been working with IIRRI over past years in further developing / testing the right agronomy advice for farmers for direct seeded rice.</p> <p>In corn, the Preceon™ Smart Corn System from Bayer and the introduction of short stature corn hybrids (within the system) through breeding innovations will mark a transformation in how corn is produced.</p> | <ul style="list-style-type: none"> Long-term |

| | | | | | |
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| | | | | Other examples are the insecticide ConfidorTM, Stress ShieldTM and the fungicide NativoTM which also improve the resilience of crops against drought. There is also a need for easy and safe application of crop protection products in areas with growing water and soil scarcity. We see an opportunity to serve these needs with an optimized irrigation that enables an optimal use of fertilizers as well as crop protection products through water, decreased labor cost and thus increased resource efficiency. | |
| 8 | 9 | 10 | 11 | 12 | 13 |
| Likelihood | Magnitude of impact | 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) |
| • Virtually certain | • Low | • Yes, a single figure estimate | 93,000,000 | n/a | n/a |
| 14 | 15 | 16 | | | 17 |
| Explanation of financial impact figure | Cost to realize opportunity | Strategy to realize opportunity and explanation of cost calculation | | | Comment |
| <p>i) APPROACH: Financial implications apply to Crop Science as a whole affecting sales of EUR 25.2 billion in 2022, of which Seed & Traits has a major impact with EUR 9.3 billion. The global seeds and crop protection market grew strongly in 2022 (Fx adj. +12%; 2021: +7%).</p> <p>ii) CALCULATION: This expected growth is, amongst others, influenced by the climate. A continued growth of the crop protection demand by 1 % (compared to 2022) would translate into EUR 93 million additional revenues.</p> <p>iii) ASSUMPTIONS: For Crop Science, we expect a growth forecast for the seeds and crop protection market for 2023 of ~3%. 1 % is therefore a conservative assumption.</p> | 70,100,000 | <p>To exploit these opportunities Bayer works on solutions supported by breeding, trait and biological solutions. In 2022, Crop Science invested EUR 2,876 million (2021: EUR 2,029 million) in R&D, which was 44% of R&D spending in the Bayer Group and equivalent to approx. 10% of Crop Science sales.</p> <p>a) CASE STUDY: Situation: The agricultural business is strongly tied to the climate. Droughts and precipitation extremes can have severe effects on harvest yields. Task: Bayer is investing in research which contributes to the alleviation of the agronomic consequences of changing weather patterns, primarily related to an increased occurrence of extreme weather events such as floods, droughts, heat, cold or storms. Action: To improve irrigation practices, Bayer is comparing current crop protection programs against programs with strong drip delivery component to determine benefits for the grower. We will also work with extension officers from various universities. A new approach called DripByDrip focuses on tailored irrigation solutions enabling targeted use of crop protection products leading to increased yield with fewer resources and inputs. Result: DripByDrip is to be installed on all new Bayer ForwardFarms.</p> <p>b) CASE STUDY: Situation: The agricultural business is strongly tied to the climate. Droughts and precipitation extremes can have severe effects on harvest yields. Task: Bayer is investing in research which contributes to the alleviation of the agronomic consequences of changing weather patterns. Action: Together with Ginkgo Bioworks Bayer formed a new company in 2017, focusing on transformational beneficial microbes for plants. Result: The initial activities will focus on nitrogen fixation for non-legumes, minimizing agriculture's environmental impact.</p> <p>COST CALCULATION:</p> | | | n/a |

| | | | |
|--|--|--|--|
| | | <p>a) So far Crop Science has spent EUR 100,000 since 2015 on DripByDrip trials.</p> <p>b) The Bayer Life Science Center will invest about EUR 70 million over the next 4-5 years into the Ginkgo Joint Venture.</p> | |
|--|--|--|--|

Opportunity 2

| 1 | 2 | 3 | 4 | 5 | 6 | 7 |
|---|--|--|--|--|--|---|
| Identifier | Where in the value chain does the opportunity occur? | Opportunity type | Primary climate-related opportunity driver | Primary potential financial impact | Company-specific description | Time horizon |
| Opp2 | <ul style="list-style-type: none"> Downstream | <ul style="list-style-type: none"> Products and services | <ul style="list-style-type: none"> Development of new products or services through R&D and innovation | <ul style="list-style-type: none"> Increased revenues resulting from increased demand for products and services | <p>i) DESCRIPTION: Through the growth of climate uncertainty, Bayer identified food protection and security as one of the major climate-change risks that farmers are facing. In this sense, Bayer's Smart Corn System (SCS) includes a new plant type with greater resistance against climate threats (SHORT-STATURE CORN), as well as digitally enabled agronomic recommendations that drive precision and efficiency. Among other characteristics, trials for short-stature corn hybrids indicate a greater tolerance to high winds and other climatic stresses, all while offering a potential of higher yields. According to the US Department of Agriculture climate change is likely to diminish continued progress on global food security through production disruptions that lead to local availability limitations and price increases, supply chain disruptions, and diminished food safety, among other causes. Weather related yield loss due to lodging and greensnap, and thus revenue. Therefore, demand for products to resist these and other climate threats will rise in affected regions.</p> <p>ii) EFFECT ON BAYER: In light of the increase in demand for these types of crops that climate change will continue to emphasize, Bayer is making efforts in technology behind short-stature corn. Bayer is working on several approaches to enable this product concept: breeding trait (closest to market introduction), biotechnology trait (in collaboration with BASF, in the advanced testing stage), and gene editing (discovery phase). Leveraging all three approaches to short-stature corn, Bayer anticipates the product concept could have a fit on more than 220 million global acres in the coming years.</p> | <ul style="list-style-type: none"> Medium-term |
| 8 | | 9 | 10 | 11 | 12 | 13 |
| Likelihood | | Magnitude of impact | 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"> Very likely | | <ul style="list-style-type: none"> High | <ul style="list-style-type: none"> Yes, a single figure estimate | 1,000,000,000 | n/a | n/a |
| 14 | 15 | 16 | | | | 17 |
| Explanation of financial impact figure | Cost to realize opportunity | Strategy to realize opportunity and explanation of cost calculation | | | | Comment |
| i) APPROACH: | 2,876,000,000 | To take advantage of product opportunities, Bayer is involved in R&D and provides seeds and traits to address climate solutions. | | | | n/a |

Future financial implications for Bayer will be affected by an increase in demand for the Smart Corn System. Farmer demand will be driven by protection from yield loss, in season access, improving precise management, and increased yield potential through digitally enabled agronomic recommendations.

ii) CALCULATION:
 USD 1 billion increase in net sales for the Smart Corn System in the U.S. at peak (mid-late next decade, sales prediction).

iii) ASSUMPTIONS:
 Introduction in the U.S. in 2023 (mid-late decade in South America, Europe/Africa, and Asia).

CASE STUDY:
Situation: Through the growth of climate uncertainty, Bayer identified food protection and security as one of the major climate-change risks that growers of all sizes face, especially smallholder farmers.
 Task: Meeting this challenge will require new crop varieties with greater resilience to climatic threats and extreme weather events, as well as digitally supported agronomic recommendations that promote precision and efficiency in a crop that has more flexibility to access throughout the season.
Action: Bayer has been working since 2010 on short-stature corn to enable the Smart Corn System. The Smart Corn System has the potential to transform how corn is produced globally. It is an integrated system designed to address grower challenges, support higher yield potential, and sustainability at the same time. Combining new corn technologies with digital solutions, data-driven decision-making, modern and efficient management practices, a partnership approach, and potentially new business strategies such as outcome-based models, it is the next evolution of growing corn.
Result: Assuming successful progress in the deployment of these traits, a new solution effective in controlling crop loss such as greensnap, stalk lodging, and root lodging could be available for use alongside other important tools to improve the impact of climate-related problems. Additionally, short stature corn allows growers to take advantage of the most progressive and efficient fertility management strategies and techniques. The improved in-season access helps to mitigate the logistical risk of split applied nitrogen management, allowing growers to take advantage of the economic and environmental benefits of these practices.

The Preceon™ Smart Corn System from Bayer and the introduction of short stature corn hybrids (within the system) through breeding innovations will mark a transformation in how corn is produced. The Preceon™ Smart Corn System works by combining three innovative elements into one working system:

1. Short stature corn hybrids offer strong protection against the elements and greater application flexibility.
2. FieldView™ digital insights give data-driven recommendations to maximize performance in the field.
3. Tailored hands-on support from Bayer and participating Dealers and Seedsmen will bring farmers reliable support to help maximize the Preceon Smart Corn System.

At the heart of the Preceon™ Smart Corn System are short stature corn hybrids (part of the Preceon Smart Corn System) that are designed to P.A.Y. farmers back by delivering:

- Protection from crop yield loss due to increased lodging and greensnap tolerance in high winds and challenging weather conditions.
- Access all season long for more timely, precise application of crop protection and other inputs with standard harvest equipment.
- Yield potential through increased opportunity to optimize crop inputs, planting densities and field placement.

COST CALCULATION:
 To take advantage of product opportunities, Bayer is involved in R&D and provides seeds and traits to address climate solutions. Bayer contributes with a state-of-the-art research environment which include state of the art laboratories, a global testing network, and leading data science platforms. Bayer's 2022 R&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. Specific allocations of R&D expenses cannot be disclosed for competitive reasons.

C3 Business strategy

Business strategy

(C3.1) Does your organization's strategy include a climate transition plan that aligns with a 1.5°C world?

| 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 |
|--|---|---|--|---|--|---|---|
| Climate transition plan | Publicly available transition plan | Mechanism by which feedback is collected from shareholders on your transition plan | Description of feedback mechanism | Frequency of feedback collection | Attach any relevant documents which detail your transition plan (optional) | Explain why your organization does not have a transition plan that aligns with a 1.5°C world and any plans to develop one in the future | Explain why climate-related risks and opportunities have not influenced your strategy |
| <ul style="list-style-type: none"> • Yes, we have a climate transition plan which aligns with a 1.5°C world | <ul style="list-style-type: none"> • Yes | <ul style="list-style-type: none"> • We have a different feedback mechanism in place | <p>Bayer considers climate protection and the related reduction of GHG emissions to be a top priority. We support the Paris Agreement and the objective of limiting global warming to 1.5°C relative to the pre-industrial level. The Science Based Targets initiative (SBTi) has validated our target and confirms our contribution to fulfilling the Paris Agreement.</p> <p>Bayer has undertaken to achieve a net zero target for GHG emissions throughout the entire value chain by 2050 or earlier. As an external expression of commitment to net zero GHG emissions, the company also signed the Business Ambition for 1.5°C.</p> <p>DIALOGUE WITH INVESTORS: The capital markets' increasing interest in sustainability is reflected in our dialogue with institutional investors. Inquiries in 2021 focused particularly on the sustainability strategy and targets, climate protection and goals incl. the Bayer Carbon Initiative, product stewardship, biodiversity, ratings and controversies, and sustainability governance mechanisms, including nonfinancial targets in compensation. Highlights included numerous bilateral investor conversations about ESG issues as well as regular discourse with the investor initiative Climate Action 100+ with regard to the company's climate strategy.</p> | <ul style="list-style-type: none"> • More frequently than annually | <p><i>[Functionality that allows for several attachments]</i> <upload Sustainability Report 2022 and Sustainability Council Report 2022></p> | n/a | n/a |

| | | | | | | |
|--|--|--|--|--|--|--|
| | | <p>DIALOGUE WITH ESG RATING AGENCIES: We engage in regular dialogue with important ESG rating agencies, partly to support the objective assessment of our company and also to help us to better identify improvement opportunities and weaknesses in our own business.</p> <p>DIALOGUE WITH STAKEHOLDERS: Stakeholder dialogue helps us to recognize important trends and developments in society and our markets at an early stage and take this information into account when shaping our business. In strategic decision-making processes Bayer proactively approaches key social and political players. Such open dialogue enables us to identify opportunities and risks early on. We determine the expectations and requirements of the various stakeholders using a materiality analysis that surveys global representatives of important stakeholder groups and managerial staff from various areas of the company.</p> <p>INDEPENDENT SUSTAINABILITY COUNCIL: A major element of our intensified sustainability efforts is the independent Sustainability Council that we have established. The Sustainability Council advises the Board of Management on the further development of its business strategy as regards sustainability and with respect to what contribution R&D can make to sustainability.</p> | | | | |
|--|--|--|--|--|--|--|

***(C3.2) Does your organization use climate-related scenario analysis to inform its strategy?**

| 1 | 2 | 3 |
|---|---|--|
| Use of climate-related scenario analysis to inform strategy | Primary reason why your organization does not use climate-related scenario analysis to inform its strategy | Explain why your organization does not use climate-related scenario analysis to inform its strategy and any plans to use it in the future |
| <ul style="list-style-type: none"> • Yes, qualitative and quantitative | n/a | n/a |

***(C3.2a) Provide details of your organization’s use of climate-related scenario analysis.**

| 1 | 2 | 3 | 4 |
|---------------------------------|-----------------------------------|--|--|
| Climate-related scenario | Scenario analysis coverage | Temperature alignment of scenario | Parameters, assumptions, analytical choices |

| | | | |
|---|--|---|--|
| <ul style="list-style-type: none"> • Customized publicly available transition scenario | <ul style="list-style-type: none"> • Company-wide | <ul style="list-style-type: none"> • 1.5°C | <p>i) IDENTIFICATION OF SCENARIO: We have chosen to build on the Assessment Report 6 of the IPCC, especially the “Green Road” SSP1-2.6. Additionally to the AR6, we have included various other sources like the WBCSD model, NGFS and IEA scenarios for transitional risks. The selected scenario shows high transitional impacts for us and in the business areas where we are active. We supplemented this base with further sources relevant to our business and drafted our own scenario description. To enhance our activities and scenario analysis, we have joined the Value Chain Risk to Resilience network hosted by Business for Social Responsibility (BSR). SSP1 and scenario selection. We have selected the SSP1-2.6 scenario as 1.5°C reference scenario. Our scenario builds up on the SSP1 assumptions and therefore includes the 1.5°C relevant transitional impacts. On the physical side, we acknowledge with this scenario selection current wide gap within the actual reduction measures needed and current global reduction target (UNEP Gap report 2022). Compared to the SSP1-1.9, we have similar physical impacts until 2060 (our scenario horizon). For the SSP1-2.6 are more agricultural specific information available compared to the SSP1-1.9, therefore analysis can be better performed. This scenario guides the Bayer strategy and our commitment to reduce emissions along the 1.5°C pathway.</p> <p>ii) PARAMETERS AND KEY ASSUMPTIONS:</p> <ul style="list-style-type: none"> - Average mean temperature increase in 2040: 1.5°C; in 2060: 1.7°C; in 2100: 1.8°C (best estimate). - Full decarbonization by 2050 (reduction of 90% CO2e compared to 2019). Carbon capture with high permanency at competitive cost and at scale available in 2040. - High transitional impacts across the world leading to a higher pressure to change and innovate business towards a net zero society. - Lower physical impacts. - Quick technological advances incl. hydrogen and electrification, energy demand increases by 4 times. - Fast growth of alternative fuels. First generation biofuels act as transition technology. - Population growth reaches 8.5 billion by 2050. Focus on SDGs, inequality is reduced and emphasis on human well-being. - Food systems move on accelerated path towards low-GHG emission systems incl. changes in animal feedstock, lower food waste, changing diets and food innovations. - Full circularity, less resource intensive consumption. <p>iii) ANALYTICAL CHOICES: Climate change already today has an impact on our business and our value chains. We have identified 9 climate impact drivers of materiality for Bayer and prepared deep dive materials to evaluate impact and relevance:</p> <ul style="list-style-type: none"> - Transitional: 1) laws, regulations, policies, 2) carbon taxation/pricing, carbon border adjustments & offsetting, 3) commodity prices, 4) end customer, customer & markets, 5) food security - Acute physical: 6) extreme weather events - Chronic physical: 7) permanent water cycle, 8) diseases, 9) temperature <p>Example: we have described regulations to be introduced to decarbonize agricultural value chains incl. behaviour change, waste streams and agricultural methods.</p> <p>We go beyond the customary Enterprise Risk Management time horizons and instead apply the following: short-term (2021–2025), mid-term (2026–2035), long-term (2036–2050).</p> <p>iv) SCENARIO USE: Quantitative and qualitative. We conducted expert workshops to discuss relevance and implications.</p> |
|---|--|---|--|

| | | | |
|---|--|---|---|
| <ul style="list-style-type: none"> • Customized publicly available physical scenario | <ul style="list-style-type: none"> • Company-wide | <ul style="list-style-type: none"> • 3.1°C - 4°C | <p>i) IDENTIFICATION OF SCENARIO: We have chosen to build on the Assessment Report 6 of the IPCC, especially the “Rocky Road” SSP3-7.0. The selected scenario assesses physical risks and regional differences, as we assume that countries/regions develop differently. We supplemented this base with further sources relevant to our business and drafted our own scenario description. To enhance our activities and scenario analysis, we have joined the Value Chain Risk to Resilience network hosted by Business for Social Responsibility (BSR).</p> <p>ii) PARAMETERS AND KEY ASSUMPTIONS WITH MATERIAL IMPACT:</p> <ul style="list-style-type: none"> • Average mean temperature increase in 2040: 1.5°C; in 2060: 2.1°C; in 2100: 3.6°C (best estimate). • Significant amount of GHG are still emitted into the atmosphere. • No-additional-climate-policy scenario; lower and regional different transitional impacts (governments partially fail to introduce strict policies). • High physical impacts (increased acute and chronic physical changes with knock on effects). • Innovation continues as today. Lack of push and additional investments for fast adaptation of green innovative technology. • High population growth (10 billion by 2050), inequalities persist or worsen over time. • Unequal food security on current levels of diets, low-GHG emission food systems only partially implemented. • Limited circularity improvements, resource intensive consumption continues to significant extent. <p>iii) ANALYTICAL CHOICES: Climate change already today has an impact on our business and our value chains. We have identified 9 different climate impact drivers of materiality for Bayer and prepared deep dive materials to evaluate impact and relevance:</p> <ul style="list-style-type: none"> - Transitional: 1) laws, regulations, policies, 2) carbon taxation/pricing, carbon border adjustments & offsetting, 3) commodity prices, 4) end customer, costumer & markets, 5) food security - Acute physical: 6) extreme weather events - Chronic physical: 7) permanent water cycle, 8) diseases, 9) temperature <p>Example: we use water scarcity models to see how water cycles change at our sites but also at our customers to generate actionable insights.</p> <p>We go beyond the customary Enterprise Risk Management time horizons and instead apply the following: short-term (2021–2025), mid-term (2026–2035), long-term (2036–2050).</p> <p>iv) SCENARIO USE: Quantitative and qualitative. We conducted expert workshops to discuss relevance and implications of climate impact drivers across the different scenarios and the time frames.</p> |
|---|--|---|---|

[Add row]

(C3.2b) Provide details of the focal questions your organization seeks to address by using climate-related scenario analysis, and summarize the results with respect to these questions.

| | |
|---|---|
| 1 | 2 |
|---|---|

Focal questions

RATIONALE FOR SELECTING SCENARIOS DISCLOSED:

GREEN ROAD (SSP1-2.6): The scenario was selected **BECAUSE** it shows high transitional impacts for us and in the business areas where we are active.

ROCKY ROAD (SSP3-7.0): The scenario was selected **BECAUSE** it assesses physical risks and regional differences, as we assume that countries/regions develop differently, which are relevant for us and the business areas where we are active.

For both scenarios we project similar physical impacts until 2040.

FOCAL QUESTIONS:

With both scenarios we wanted to understand the transitional, acute physical and chronic physical impacts, which might result in both risks and opportunities for Bayer. Climate change already today has an impact on our business and our value chains. We have identified 9 different climate impact drivers of materiality for Bayer and prepared deep dive materials to evaluate impact and relevance. The goal of the analysis is to identify the relevance and change potential as pertains to Bayer and our fields of business and to determine further activities.

Transitional impact drivers:

- 1) laws, regulations, policies: change in regulations covering the food and health sector, e.g., increased food chain policies, product registrations
- 2) carbon taxation/pricing, carbon border adjustments & offsetting: change in carbon pricing, taxation of carbon and tariffs for different regions
- 3) commodity prices: change in commodity prices due to regulations and/or climate change impacts
- 4) end customer, customer & markets: changing consumer preferences and change in sales due to new/lost customers as a result of change in the environmental performance or change of the environment as such, increased legislative and economic pressures for customers/farmers/distributors
- 5) food security: due to growing population agriculture will need to transition to systems that are

Results of the climate-related scenario analysis with respect to the focal questions

RESULTS:

All our business areas are impacted by climate change resulting in opportunities and risks for the overall Group. See also our Sustainability Report 2022 at page 105.

Transitional impact drivers:

- 1) Regulations will be a strong driver short-term. Regulations more open to innovation and stricter oriented along science are a major opportunity for Bayer. In the Green Road they will be more consistent on global scale which increases opportunities when products are developed along the requirements.
- 2) Carbon pricing and border adjustments will increase cost. In the Rocky Road the risk increases as the world is assumed to get more fragmented with additional barriers. Opportunities exist for agriculture as offsetting might become a new business.
- 3) In the short-term the agriculture commodity price risks will be only slightly higher than today. With competitive products we expect more opportunities than risks due to our strength in innovation and R&D capabilities.
- 4) The demand for low-carbon products creates new opportunities in the Green Road that can be addressed with innovation. We expect to realize these opportunities due to our strength in innovation and R&D.
- 5) Following our mission "Hunger for None", for us food security plays a major role. Climate change will have an impact especially on smallholder. In the Rocky Road food security will become a key issue over time. Crisis state regulations might block market mechanisms.

Acute physical impact drivers:

- 6) Risks from extreme weather events will rise for Bayer. In the Green Road the risk increases to a medium level. In the Rocky Road risks will increase to high levels towards 2050 due to further temperature increase and respective further increase of likelihood and severity of extreme weather events. Our newly developed short corn is a first step into more resilient food systems.

Chronic physical:

- 7) Water and temperature changes are the core of climate impacts for the agricultural sector. The impact of water cycle is higher in the Rocky Road both due to higher temperature increase and stronger impacts on the water cycle as well as due to stronger conflicts around water usage.
- 8) Crop diseases and pests are likely to increase and move due to climate change. Diseases and rising diseases create a need for existing and innovative crop protection as well as resistant plants which Bayer is able to provide.
- 9) Temperature rise is the overarching driver and not in itself a risk or opportunity for Bayer. Temperature change will have significant impacts on biodiversity, seasonality, growing regions, changes in water cycle, as well as the continuing melt of glaciers for decades or centuries.

HOW RESULTS INFORM DECISIONS AND ACTIONS:

We looked at the climate-related risks and opportunities from various perspectives to integrate them into our strategy and to describe future challenges and opportunities as accurately as possible to derive short-, medium- and long-term mitigation measures.

EXAMPLE DECISION/ACTION:

We help to increase the resilience of our customers against the effects of climate change. Among the approaches we develop in this connection are transformative solutions that aim to enable agriculture to emit fewer greenhouse gases and instead help to capture CO2. This makes agriculture an important enabler in the fight against climate change.

| | |
|--|--|
| <p>more productive, use inputs more efficiently, and are more resilient to risks, shocks and long-term climate variability</p> <p>Acute physical impact drivers:</p> <p>6) extreme weather events: increased frequency and severity of hurricanes, floods, tornadoes, extreme precipitation, extreme wind, hail, dust storms, heat waves, fire</p> <p>Chronic physical impact drivers:</p> <p>7) permanent water cycle: impacts on the water cycle incl. changes in precipitation patterns, water scarcity and droughts</p> <p>8) diseases: changes in disease distribution (crop and vector-borne diseases)</p> <p>9) temperature: rising mean temperatures</p> | |
|--|--|

***(C3.3) Describe where and how climate-related risks and opportunities have influenced your strategy.**

| 1 | 2 | 3 |
|-----------------------|---|---|
| Business area | Have climate-related risks and opportunities influenced your strategy in this area? | Description of influence |
| Products and services | <ul style="list-style-type: none"> • Yes | <p>INFLUENCE/RATIONALE: Climate change influences Bayer’s strategy through the annual Strategy Conference process, requiring divisions to explain how global megatrends incl. climate change, affect business.</p> <p>TIME HORIZON: Climate-related mid- to long-term weather trends influence our Crop Science business and are considered when formulating crop strategies.</p> <p>SUBSTANTIAL STRATEGIC DECISIONS:</p> <p>Bayer has identified food security and climate change as two of the world’s biggest megatrend challenges of our times. Therefore, leading the future of regenerative agriculture is a key strategic direction for Bayer CropScience. Regenerative Ag is defined as “producing more and restoring more”.</p> <p>Bayer is supporting food security and securing farm incomes while delivering net benefits to nature.</p> <p>Bayer publicly committed to: (1) minimizing the climate footprint of farming, (2) reducing the environmental impact of crop protection, (3) enabling smallholder farmers and (4) improving water use.</p> <p>Thus, delivering nature-positive outcomes by improving soil health, restoring biodiversity and protecting habitats, conserving water and sequestering carbon. As well as, helping farmers increase productivity and incomes with climate adaptation solutions and new sources of revenue.</p> <p>This is done by combining breeding, crop protection and digital technology to create modular, rotational cropping systems which deliver solutions that “produce more with less, while restoring more”.</p> <p>Concrete examples include Bayer’s investments into: Short stature corn, Hybrid wheat, Direct seeded rice, CoverCress for Biofuels, Next gen breeding tech (NGT), Biotechnology, Nitrogen Efficiency, Biologicals, Environmental Impact Reduction of new crop protection products, Carbon farming, Digital and data solutions. Many of these examples have been described in further detail in the Risk and Opportunity chapters.</p> |

| | | |
|---------------------------------|--|---|
| | | <p>Other Product specific examples that allow Bayer to develop climate-smart agricultural solutions which have the potential to avoid emissions include our seed treatment product Acceleron. Acceleron promotes bigger root growth. Due to bigger roots nutrient availability increases through more efficient uptake with less release of nutrients into the environment and less fertilizer needs. This results in less GHG emissions from fertilizer production, application and runoff/degradation. Through increased plant biomass and better soil health, soil carbon sequestration and humus enrichment increase.</p> <p>We initiated a partnership with the aerospace technology company Planetary Resources to develop new digital farming applications and to improve the efficiency of existing products based on field-zone specific satellite data. Bayer intends to create new agricultural products and improve existing ones leading to higher yields and also more efficient and more environmentally compatible deployment of resources.</p> <p>By using its digital farming capabilities, Bayer is working to develop on farm GHG emissions and soil sequestration quantification and reporting. Bayer seeks to connect farmers to downstream revenue opportunities from GHG reporting and quantification coming from industries in the food, biofuel and fiber value chains and also from “hard-to-abate” industries that seek to reduce emissions by using offsets. Bayer’s digital farming platform FieldView and ForGround are essential tools to realize these solutions</p> <p>Bayer further announced a partnership with Bunge and Chevron investing in CoverCress a novel rotational cash crop with the benefits of a covercrop that serves as a renewable source for biofuels. This partnership creates a new value pool for Bayer and growers while also creating more sustainable fuel sources for the aviation industry. “Bayer, Bunge and Chevron a subsidiary of Chevron Corporation, have signed a shareholders’ agreement in connection with Bayer’s acquisition of a 65 percent majority ownership of the winter oilseed producer CoverCress, Inc. (CCI). The remaining 35 percent of CCI will continue ownership under Bunge and Chevron.</p> <p>CoverCress™ is a rotational cash crop which combines grain production with the environmental benefits of a cover crop without displacing other harvests. Oil extracted from CoverCress™ grain is designed to achieve a lower carbon intensity score and can be made into renewable diesel with Bunge’s expertise in oilseed processing and Chevron’s proficiency in fuels manufacturing. This farm-to-fuel supply chain represented by CCI, Bayer, Bunge and Chevron aims to give corn and soybean growers another revenue outlet by providing the world with a desirable fuel product and high-protein meal for animal feed.”</p> |
| Supply chain and/or value chain | <ul style="list-style-type: none"> • No | <p>INFLUENCE/RATIONALE: This area of our business is not impacted BECAUSE we have not identified substantial climate change-related supply chain risks, such as a substantial increase of extreme weather events like floods or hurricanes due to climate change that could substantially impact our supply chain. Also, Bayer proactively addresses any, not only climate change-related, potential effects of extreme weather events via a thorough risk assessment and transparency along our supply chain to ensure that there is no substantial impact on our supply chain in the future.</p> <p>For Bayer, climate-related supply chain risks are low due to our sustainability-oriented supplier management, storage strategies to mitigate supply fluctuations and our diversified supplier base. Currently, there is no indication that risks due to climate change-related weather extremes increase relevantly at supplier sites.</p> <p>From a Seed production standpoint we manage risk from drought by mainly contracting on irrigated hectares and geographical allocation by spreading production hectares in different regions. This can also include winter production (counter season).</p> <p>TIME HORIZON: Our procurement supply chain strategy has a mid- to long-term horizon.</p> <p>SUBSTANTIAL STRATEGIC DECISIONS: Bayer monitors suppliers and the risk of extreme weather events which might affect them. With the help of a supply chain transparency tool, such risks are identified for individual suppliers. The supply chain transparency tool which Bayer is now using provides a strong visibility of our supply network, including sub-tier suppliers. It allows Bayer to get important information on its global supply chain in order to better assess its vulnerability to natural disasters and other risks. Through these deep insights, Bayer improves its business continuity and minimizes negative impacts on the business. The tool enables risk assessments for each individual supplier regarding environmental, financial, safety and labor regulations. A natural disaster index indicates the risk related to extreme weather events, such as floods, cyclones or hurricanes. Through a very large database of online sources, the system detects earliest indicators of company-specific risks and monitors those. Real-time alerts on potentially disrupting events containing details of the event as well as potentially affected materials and products allow Bayer a proactive risk assessment. For example, for a certain supplier located in Japan, the risk of natural disasters is relatively high. Thus, Bayer closely monitors this risk and ensures that we have further suppliers.</p> |

| | | |
|-------------------|---|---|
| Investment in R&D | <ul style="list-style-type: none"> • Yes | <p>INFLUENCE/RATIONALE: Our R&D is influenced by climate-related opportunities BECAUSE our core business focuses on climate-related growth areas: Crop Science invested significantly in climate-related R&D and is working on the marketing of climate-related solutions that help plants cope with external stress factors, e.g. flooding.</p> <p>In all crops where we have a breeding program, we strive to develop seeds that will perform at a high level in a variety of abiotic environments, e.g. we have been the first company in Bangladesh to introduce submergence tolerant hybrid rice seeds allowing growers to cultivate rice in flood prone areas during wet season.</p> <p>TIME HORIZON: Our R&D has a long-term perspective.</p> <p>SUBSTANTIAL STRATEGIC DECISIONS: To address the global challenge of climate change, we have in our R&D pipeline sustainable solutions for advancing a net-zero carbon future for agriculture. Among them are substantial strategic investments in digital tools for carbon sequestration measurement and more precise planting and nput application. In Biotech and Breeding we invest in next-generation herbicide-tolerant traits and germplasm to support no-till / conservation tillage systems, as well as new crop systems like the Preceon Short-Stature Corn, providing more resilience to wind and extreme weather stresses. In Australia, we launched Mateno™ Complete, a grass and broadleaf weed pre-emergent and early post-emergent herbicide for use in wheat and barley, in 2022, given growers the necessary tools to increase productivity and protect yield.. In addition, we also have in our R&D pipeline a new herbicide molecule which is the first mode of action in post emergence weed control in 30 years. It allows use in various market segments, beyond traditional nonselective use, and has the potential to build on number one position in global herbicides (project is currently in phase 3).</p> |
| Operations | <ul style="list-style-type: none"> • Yes | <p>INFLUENCE/RATIONALE: Our operations are impacted BECAUSE since the launch of Bayer's Climate Program in 2007, setting ambitious GHG emission-reduction targets and driving initiatives to achieve them have become an integral part of Bayer's sustainability strategy, reducing exposure to climate-related regulatory risks. E.g., in 2020, we have set ourselves the new target to achieve net-zero GHG emissions including our entire value chain by 2050 or sooner and signed the Business Ambition for 1.5°C.</p> <p>Bayer's climate strategy is discussed in the annual Strategy Conference and approved by the board.</p> <p>TIME HORIZON: Our CO2 reduction targets and measures have a mid- to long-term horizon.</p> <p>SUBSTANTIAL STRATEGIC DECISIONS: In 2022, three studies/strategic works were finalized to provide the base for strategic (investment) decisions: 1) The 'One Degree Campaign' due to the gas resilience activities (as reaction to the war against Ukraine). 2) Decision to participate in the EV100 initiative to build up the charging infrastructure for all employees. 3) The 'Earth Week' was established from the Pharma division and will be rolled out for all division next year. Around 2,000 participants took part in all ESG topics.</p> <p>In 2022, a new, state-of-the-art iron(III) chloride recycling plant was inaugurated at the Bayer Crop Science site in Dormagen. The new plant will reduce waste in fungicide production by 95 percent. In addition, saline wastewater will no longer have to be treated in the future. This saves 22,000 tons of caustic soda, which was previously needed to neutralize the wastewater. The resulting reduction in the use of raw materials and auxiliaries reduces the annual CO2 footprint by around 9,000 tons. In Dormagen, Bayer has thus successfully implemented the world's first plant with closed-loop recycling as our company's lighthouse project. The recycling plant is part of a comprehensive EUR 180 million investment in environmental protection, production expansions, safety and recycling at the Dormagen site.</p> <p>In May 2023, Bayer and Cat Creek Energy (CCE), a renewable energy Independent Power Producer, announced a long-term Structured Renewable Energy Credit (REC) Purchase Agreement that will satisfy Bayer's renewable electricity needs and lead to the construction by CCE of multiple variable renewable energy resources plus energy storage facilities in Idaho. The renewable energy projects will generate 1.4 terawatt hours of clean electricity annually. In terms of CO2, the deal enables Bayer to reduce annual emissions by 370,000 tons.</p> |

| | |
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| | <p>“The innovative agreement with CCE marks one of the biggest single renewable energy deals in the United States. It will secure 40 percent of Bayer’s global and 60 percent of Bayer’s U.S.-purchased electricity demand out of renewable sources, while meeting Bayer’s ambitious quality criteria for renewable electricity,”</p> <p>In accordance with the United Nations Sustainable Development Goals and the Paris Agreement to limit global warming to 1.5 degrees Celsius by 2050, Bayer aims to continuously reduce greenhouse gas (GHG) emissions within the company and along its entire value chain. The company aims to become climate neutral in its own operations in 2030. A key strategy to achieving Bayer’s reduction targets is to purchase 100 percent sustainable renewable electricity by 2030.</p> <p>In 2019, we have JOINED THE SCIENCE BASED TARGETS INITIATIVE and set ourselves the target of MAKING OUR OWN PRODUCTION SITES CLIMATE NEUTRAL by 2030. In 2020, we decided to set the target to achieve net-zero GHG emissions including our entire value chain by 2050 or sooner and signed the Business Ambition for 1.5°C. We also made the decision, that all environmentally relevant Bayer sites must have an HSE MANAGEMENT SYSTEM that complies with recognized international standards e.g. ISO 14001, ISO 45001 or ISO 50001. By the end of 2025, 80% of our business activity should have coverage with external certification to the above standards.</p> <p>In April 2021 the Lowering Emissions by Accelerating Forest Finance (LEAF) initiative was founded to help countries in the global south in protecting rainforests. As one of only nine companies overall, Bayer is part of this initiative right from the start. LEAF mobilized more than \$1.5 billion since 2021 to initiate the biggest public-private effort to protect the rainforests. Certificates from activities undertaken in connection with LEAF are expected to be part of our offsetting portfolio beginning in 2023.</p> |
|--|---|

(C3.4) Describe where and how climate-related risks and opportunities have influenced your financial planning.

| 1 | 2 |
|--|---|
| Financial planning elements that have been influenced | Description of influence |
| <ul style="list-style-type: none"> • Direct costs • Indirect costs • Capital expenditures • Capital allocation | <p>DIRECT AND INDIRECT COSTS:</p> <p>This area of our financial planning process has been impacted for some facilities, BECAUSE the regulatory risks we have identified have been implicitly considered in our projections for the development of our energy cost within the financial budget that is developed during our financial planning cycle and approved in our Operational Planning Conference with a TIME HORIZON of 3 years.</p> <p>Relevant in this context are the direct and indirect risks from current legislative discussions in the EU which are expected to further increase carbon prices. In this respect, the EU Emissions Trading Scheme (ETS) is the main regulatory framework that poses a risk to the European industry. The EU ETS could influence Bayer indirectly, through our supply chain with regard to energy supply, as we expect the prices for our purchased energy to rise and also directly, through our own energy generation facilities participating in the EU ETS.</p> <p>Current trends in certificate price appear to be consistent with the regulator’s aim for a much higher certificate price in order to effectively realize steering of energy generation according to climate requirements. Between 2021 and 2024, Bayer expects total costs of EUR 60-80 million due to the possible continuous tightening of the EU ETS.</p> <p>MAGNITUDE OF IMPACT:</p> <p>In 2022, less than 5 percent of our total operational spend was on energy. Accordingly, THE IMPACT OF THE CLIMATE CHANGE-RELATED REGULATORY RISKS ON OUR PROJECTED OPERATING COST IS LOW. In addition, Bayer signed an agreement with Cat Creek Energy. It will secure 40 percent of Bayer’s global and 60 percent of Bayer’s U.S.-purchased electricity demand out of renewable sources, while meeting Bayer’s ambitious quality criteria for renewable electricity.</p> |

| | |
|--|--|
| | <p>CAPITAL EXPENDITURES AND ALLOCATIONS have been impacted for some product lines, BECAUSE climate-related opportunities have factored into strategic decisions in Crop Science product lines. E.g. Bayer is investing in research alleviating the agronomical consequences of changing weather patterns, primarily related to an increased occurrence of extreme weather events.</p> <p>Bayer has identified food security and climate change as two of the world's biggest megatrend challenges of our times. Therefore, leading the future of regenerative agriculture is a key strategic ambition for Bayer CropScience. Regenerative Ag is defined as "producing more and restoring more". Bayer is supporting food security and securing farm incomes while delivering net benefits to nature. Bayer publicly committed to: (1) minimizing the climate footprint of farming, (2) reducing the environmental impact of crop protection, (3) enabling smallholder farmers and (4) improving water use.</p> <p>Thus, delivering nature-positive outcomes by improving soil health, restoring biodiversity and protecting habitats, conserving water and sequestering carbon. As well as, helping farmers increase productivity and incomes with climate adaptation solutions and new sources of revenue. This is done by combining breeding, crop protection and digital technology to create modular, rotational cropping systems which deliver solutions that "produce more with less, while restoring more".</p> <p>Concrete examples include Bayer's investments into: Short stature corn, Hybrid wheat, Direct seeded rice, CoverCress for Biofuels, Next gen breeding tech (NGT), Biotechnology, Nitrogen Efficiency, Biologicals, Environmental Impact Reduction of new crop protection products, Carbon farming, Digital and data solutions. Many of these examples have been described in further detail in the Risk and Opportunity chapters.</p> <p>We are shaping the development of a rice cropping system powered by direct seeding. The change in the cultivation practice from transplanting rice to direct seeding rice will reduce farm labour requirement significantly, improve soil health, reduce overall water requirement (no standing water in rice field) and therefore less methane release in the environment.</p> <p>Another example is the insecticide ConfidorTM Stress ShieldTM which improves the resilience of crops against other abiotic stresses such as increased salinity.</p> <p>Also, Bayer decided to form a joint venture with Ginkgo Bioworks focusing on nitrogen fixation for non-legumes, minimizing agriculture's environmental impact. The Bayer Life Science Center will invest about EUR 70 million (USD 80 million) over the next 4-5 years into the Ginkgo Joint Venture.</p> <p>TIME HORIZON: Preparing for the annual Strategy Conference, the division develops an expenditure plan using a bottom-up process on the basis of individual projects incl. projects driven in part by the climate change-related opportunities. In the Strategy Conference the divisions present their strategic options including the development of the CapEx portfolio over the current and 2 subsequent years.</p> |
|--|--|

(C3.5) In your organization's financial accounting, do you identify spending/revenue that is aligned with your organization's transition to a 1.5°C world?

| 1 | 2 |
|---|---|
| Identification of spending/revenue that is aligned with your organization's climate transition | Indicate the level at which you identify the alignment of your spending/revenue with a sustainable finance taxonomy* |
| <ul style="list-style-type: none"> • Yes, we identify alignment with both our climate transition plan and a sustainable finance taxonomy | <ul style="list-style-type: none"> • At both the company and activity level |

(C3.5a) Quantify the percentage share of your spending/revenue that is aligned with your organization's climate transition.

| 1 | 2 | 3 | 4 | 5 |
|--|---|--|--|--|
| Financial metric | Type of alignment being reported for this financial metric | Taxonomy under which information is being reported* | Objective under which alignment is being reported* | Amount of selected financial metric that is aligned in the reporting year (unit currency as selected in C0.4) |
| <ul style="list-style-type: none"> Revenue/Turnover | <ul style="list-style-type: none"> Alignment with a sustainable finance taxonomy | <ul style="list-style-type: none"> EU Taxonomy for Sustainable Activities | <ul style="list-style-type: none"> Climate change mitigation | 0 |
| 6 | 7 | 8 | 9 | |
| Percentage share of selected financial metric aligned in the reporting year (%) | Percentage share of selected financial metric planned to align in 2025 (%) | Percentage share of selected financial metric planned to align in 2030 (%) | Describe the methodology used to identify spending/revenue that is aligned | |
| 0 | 0 | 0 | <p>REMARK: Figure 0 provided in “Percentage share of selected financial metric planned to align in 2025 (%)” and figure 0 provided in “Percentage share of selected financial metric planned to align in 2030 (%)” are provisional figures in order to be able to report entirely. We are currently further developing EU taxonomy-eligible and taxonomy-aligned disclosure. Forecasts for 2025 and 2030 cannot be provided at this time. We use our own interpretation when applying the EU taxonomy as definitions are not yet available and the wording used is unclear. We also take into account the FAQ documents published by the European Commission.</p> <p>Taxonomy alignment is verified using technical screening criteria for each economic activity. These criteria are defined in Annexes I and II to the delegated act of June 4, 2021, for economic activities that can contribute substantially to the environmental objectives climate change mitigation and climate change adaptation. As before, there is no delegated act in force for the remaining four environmental objectives.</p> <p>Reporting on turnover: As before, none of our core business activities are taxonomy-eligible, as the legislation has not changed. Therefore, none of our sales-generating activities currently fall within the EU taxonomy.</p> | |

| 1 | 2 | 3 | 4 | 5 |
|--|---|--|---|--|
| Financial metric | Type of alignment being reported for this financial metric | Taxonomy under which information is being reported* | Objective under which alignment is being reported* | Amount of selected financial metric that is aligned in the reporting year (unit currency as selected in C0.4) |
| <ul style="list-style-type: none"> CAPEX | <ul style="list-style-type: none"> Alignment with a sustainable finance taxonomy | <ul style="list-style-type: none"> EU Taxonomy for Sustainable Activities | <ul style="list-style-type: none"> Climate change mitigation | 0 |
| 6 | 7 | 8 | 9 | |
| Percentage share of selected financial metric aligned in the reporting year (%) | Percentage share of selected financial metric planned to align in 2025 (%) | Percentage share of selected financial metric planned to align in 2030 (%) | Describe the methodology used to identify spending/revenue that is aligned | |

| | | | |
|---|---|---|---|
| 0 | 0 | 0 | <p>REMARK: Figure 0 provided in “Percentage share of selected financial metric planned to align in 2025 (%)” and figure 0 provided in “Percentage share of selected financial metric planned to align in 2030 (%)” are provisional figures in order to be able to report entirely. We are currently further developing EU taxonomy-eligible and taxonomy-aligned disclosure. Forecasts for 2025 and 2030 cannot be provided at this time. We use our own interpretation when applying the EU taxonomy as definitions are not yet available and the wording used is unclear. We also take into account the FAQ documents published by the European Commission.</p> <p>Capital expenditure in 2022 comprised investments in tangible and intangible assets before depreciation, amortization, impairments, and remeasurements. Also included were investments in tangible and intangible assets due to business combinations.</p> <p>All major projects relating to tangible and intangible assets were analyzed to ascertain their taxonomy eligibility and classified in accordance with the activities of the EU taxonomy. The taxonomy-eligible capital expenditure was then reviewed using technical screening criteria for each activity to determine its taxonomy alignment. The detailed analyses were conducted by the departments of the respective business units to ensure correct allocation.</p> <p>Our relevant economic activities in 2022 can contribute to both climate change mitigation and climate change adaptation. To avoid double counting within an indicator, taxonomy alignment was reviewed under the environmental objective climate change mitigation.</p> <p>We examined whether or not an economic activity contributes substantially to climate change mitigation based on the individual asset.</p> <p>We incurred taxonomy-eligible capital expenditure (CapEx) of EUR 389.9 million in 2022 (2021: EUR 276.1 million). Taxonomy-non-eligible capital expenditure amounted to EUR 3,250.1 million (2021: EUR 2,849.9 million). The proportion of taxonomy-eligible capital expenditure therefore came to 10.7% (2021: 8.8%).</p> <p>The material physical climate risks for the economic activities must be identified when assessing alignment with the EU taxonomy (DNSH criterion: climate change adaptation). Before a capital expenditure is approved, risks arising from aspects such as climate conditions as well as storm and flooding dangers at the respective site are comprehensively reviewed and evaluated. However, this is not yet done in a way that adequately covers all verifiable criteria for the EU taxonomy. As the climate risk analysis is relevant for the entirety of our EU taxonomy-eligible economic activities, none of our taxonomy-eligible capital expenditure is reported as taxonomy-aligned in 2022.</p> |
|---|---|---|---|

| 1 | 2 | 3 | 4 | 5 |
|--|---|--|---|---|
| Financial metric | Type of alignment being reported for this financial metric | Taxonomy under which information is being reported* | Objective under which alignment is being reported* | Amount of selected financial metric that is aligned in the reporting year (unit currency as selected in C0.4) |
| <ul style="list-style-type: none"> OPEX | <ul style="list-style-type: none"> Alignment with a sustainable finance taxonomy | <ul style="list-style-type: none"> EU Taxonomy for Sustainable Activities | <ul style="list-style-type: none"> Climate change mitigation | 0 |
| 6 | 7 | 8 | 9 | |

| Percentage share of selected financial metric aligned in the reporting year (%) | Percentage share of selected financial metric planned to align in 2025 (%) | Percentage share of selected financial metric planned to align in 2030 (%) | Describe the methodology used to identify spending/revenue that is aligned |
|---|--|--|--|
| 0 | 0 | 0 | <p>REMARK: Figure 0 provided in “Percentage share of selected financial metric planned to align in 2025 (%)” and figure 0 provided in “Percentage share of selected financial metric planned to align in 2030 (%)” are provisional figures in order to be able to report entirely. We are currently further developing EU taxonomy-eligible and taxonomy-aligned disclosure. Forecasts for 2025 and 2030 cannot be provided at this time. We use our own interpretation when applying the EU taxonomy as definitions are not yet available and the wording used is unclear. We also take into account the FAQ documents published by the European Commission.</p> <p>We were also once again unable to identify any significant taxonomy-eligible operating expenditure (OpEx). Our operating expenditure with respect to research and development expenses, short-term leasing, and maintenance and repair amounted to EUR 7,460 million in 2022 (2021: EUR 6,757 million).</p> |

[Add row]

(C3.5b) Quantify the percentage share of your spending/revenue that was associated with eligible and aligned activities under the sustainable finance taxonomy in the reporting year.

| 1 | 2 | 3 | 4 | 5 | 6 | 7 |
|---|---|--|---|--|---|---|
| Economic activity | Taxonomy under which information is being reported | Taxonomy alignment | Financial metric(s) | Taxonomy-aligned turnover from this activity in the reporting year (unit currency as selected in C0.4)* | Taxonomy-aligned turnover from this activity as % of total turnover in the reporting year* | Taxonomy-aligned turnover from this activity that substantially contributed to climate change mitigation as a % of total turnover in the reporting year* |
| <ul style="list-style-type: none"> Renovation of existing buildings | <ul style="list-style-type: none"> EU Taxonomy for Sustainable Activities | <ul style="list-style-type: none"> Taxonomy-eligible but not aligned | <ul style="list-style-type: none"> CAPEX | n/a | n/a | n/a |
| 8 | 9 | 10 | 11 | 12 | 13 | 14 |
| Taxonomy-aligned turnover from this activity that substantially contributed to | Taxonomy-eligible but not aligned turnover from this activity in the reporting year (unit currency as selected in C0.4)* | Taxonomy-eligible but not aligned turnover from this activity as % of total turnover in the reporting year* | Taxonomy-aligned CAPEX from this activity in the reporting year (unit currency as selected in C0.4)* | Taxonomy-aligned CAPEX from this activity as % of total CAPEX in the reporting year* | Taxonomy-aligned CAPEX from this activity that substantially contributed to | Taxonomy-aligned CAPEX from this activity that substantially contributed to |

| climate change adaptation as a % of total turnover in the reporting year* | | | | | climate change mitigation as a % of total CAPEX in the reporting year* | climate change adaptation as a % of total CAPEX in the reporting year* |
|--|--|---|--|--|--|--|
| n/a | n/a | n/a | 0 | 0 | 0 | 0 |
| 15 | 16 | 17 | 18 | 19 | 20 | 21 |
| Taxonomy-eligible but not aligned CAPEX associated with this activity in the reporting year (unit currency as selected in C0.4)* | Taxonomy-eligible but not aligned CAPEX associated with this activity as % of total CAPEX in the reporting year* | Taxonomy-aligned OPEX from this activity in the reporting year (unit currency as selected in C0.4)* | Taxonomy-aligned OPEX from this activity as % of total OPEX in the reporting year* | Taxonomy-aligned OPEX from this activity that substantially contributed to climate change mitigation as a % of total OPEX in the reporting year* | Taxonomy-aligned OPEX from this activity that substantially contributed to climate change adaptation as a % of total OPEX in the reporting year* | Taxonomy-eligible but not aligned OPEX associated with this activity in the reporting year (unit currency as selected in C0.4)* |
| 116,400,000 | 3% | n/a | n/a | n/a | n/a | n/a |
| 22 | 23 | 24 | 25 | 26 | 27 | 28 |
| Taxonomy-eligible but not aligned OPEX associated with this activity as % total OPEX in the reporting year* | Type(s) of substantial contribution* | Calculation methodology and supporting information | Technical screening criteria met | Details of technical screening criteria analysis | Do no significant harm requirements met | Details of do no significant harm analysis |
| n/a | <ul style="list-style-type: none"> Activity enabling mitigation | Capital expenditure in 2022 comprised investments in tangible and intangible assets before depreciation, amortization, impairments, and remeasurements. Also included were investments in tangible and intangible assets due to business combinations. All major projects relating to tangible and intangible assets were analyzed to | <ul style="list-style-type: none"> Yes | Taxonomy alignment is verified using technical screening criteria for each economic activity. These criteria are defined in Annexes I and II to the delegated act of June 4, 2021, for economic activities that can contribute substantially to the environmental objectives climate change mitigation and climate change adaptation. As | <ul style="list-style-type: none"> Yes | To rule out significant harm being caused to other environmental objectives, we assessed the respective criteria at various levels. The criteria for climate change adaptation were assessed at site level, while the in some cases highly granular requirements for the other environmental objectives were examined at the individual asset level. |

| | | | | | | |
|--|--|---|--|--|--|--|
| | | <p>ascertain their taxonomy eligibility and classified in accordance with the activities of the EU taxonomy. The taxonomy-eligible capital expenditure was then reviewed using technical screening criteria for each activity to determine its taxonomy alignment. The detailed analyses were conducted by the departments of the respective business units to ensure correct allocation.</p> <p>Our relevant economic activities in 2022 can contribute to both climate change mitigation and climate change adaptation. To avoid double counting within an indicator, taxonomy alignment was reviewed under the environmental objective climate change mitigation. We examined whether or not an economic activity contributes substantially to climate change-mitigation based on the individual asset.</p> <p>Following detailed analysis, we classified the non-capitalizable expenditure within the capital expenditure projects as immaterial.</p> | | <p>before, there is no delegated act in force for the remaining four environmental objectives. We use our own interpretation when applying the EU taxonomy as definitions are not yet available and the wording used is unclear. We also take into account the FAQ documents published by the European Commission.</p> | | |
|--|--|---|--|--|--|--|

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Minimum safeguards compliance requirements met

Details of minimum safeguards compliance analysis

| | |
|---|--|
| <ul style="list-style-type: none"> • Yes | <p>Compliance with the minimum safeguards was examined at Group level, taking into account existing corporate policies and risk management processes with respect to human rights, compliance, anticorruption and other aspects.</p> |
|---|--|

[Add row]

(C3.5c) Provide any additional contextual and/or verification/assurance information relevant to your organization’s taxonomy alignment.

EU taxonomy: Our sustainability targets help us to realize our vision of “Health for all, hunger for none”. In addition, we also report on other nonfinancial aspects. In accordance with Article 8 of the EU Taxonomy Regulation (EU) 2020/852 and the supplementary delegated acts, we are required to disclose the proportion of turnover (sales), capital expenditure (CapEx), and operating expenditure (OpEx) in the reporting period that is EU taxonomy-eligible and taxonomy-aligned with regard to the environmental objectives climate change mitigation and climate change adaptation.

Under Article 1, No. 5 of the delegated act of July 6, 2021, supplementing Article 8 of Regulation (EU) 2020/852, economic activities can only qualify as taxonomy-eligible if they have been defined in Annexes I and II to the delegated act of June 4, 2021. Activities that are not described in these two Annexes are deemed taxonomy-non-eligible. This means that, while our own sustainability targets can be regarded as an additional contribution to sustainability, they do not fall under the EU taxonomy.

Taxonomy-eligible economic activities were required to be reviewed in terms of their ecological sustainability (taxonomy alignment) for the first time in 2022. Under Article 3 of Regulation (EU) 2020/852, economic activities qualify as taxonomy-aligned if they contribute substantially to one or more of the following environmental objectives: climate change mitigation, climate change adaptation, the sustainable use and protection of water and marine resources, the transition to a circular economy, pollution prevention and control, and the protection and restoration of biodiversity and ecosystems. Furthermore, economic activities must not significantly harm any of the other environmental objectives (DNSH = do no significant harm) and must be carried out in compliance with the minimum safeguards, such as in the area of human rights.

C4 Targets and performance

Emissions targets

(C4.1) Did you have an emissions target that was active in the reporting year?

- Absolute target

(C4.1a) Provide details of your absolute emissions target(s) and progress made against those targets.

ABS 1

| 1 | 2 | 3 | 4 | 5 | 6 | 7 |
|---|--|--|---|---|--|--|
| Target reference number | Is this a science-based target? | Target ambition* | Year target was set | Target coverage | Scope(s) | Scope 2 accounting method |
| Abs1 | <ul style="list-style-type: none"> • Yes, and this target has been approved by the Science Based Targets initiative | <ul style="list-style-type: none"> • 1.5°C aligned | 2019 | <ul style="list-style-type: none"> • Company-wide | <ul style="list-style-type: none"> • Scope 1 • Scope 2 | <ul style="list-style-type: none"> • Market-based |
| 8 | 9 | 10 | 11 | 12-28 | 29 | 30 |
| Scope 3 category(ies) | Base year | Base year Scope 1 emissions covered by target (metric tons CO2e) | Base year Scope 2 emissions covered by target (metric tons CO2e) | Base year Scope 3, Category [...] emissions covered by target (metric tons CO2e)* [One column for each Scope 3 category] | Base year total Scope 3 emissions covered by target (metric tons CO2e) | Total base year emissions covered by target in all selected Scopes (metric tons CO2e) |
| n/a | 2019 | 2,080,000 | 1,680,000 | n/a | n/a | 3,760,000 |
| 31 | 32 | 33-49 | 50 | 51 | | |
| Base year Scope 1 emissions covered by target as % of total base year emissions in Scope 1 | Base year Scope 2 emissions covered by target as % of total base year emissions in Scope 2 | Base year Scope 3, Category [...] emissions covered by target as % of total base year emissions in Scope 3, | Base year Scope 3 emissions covered by target as % of total base year emissions in Scope 3 (in all Scope 3 categories) | Base year emissions covered by target in all selected Scopes as % of total base year emissions in all selected | | |

| | | | | Category [...] (metric tons CO 2e)* [One column for each Scope 3 category] | | | Scopes |
|--|--|---|---|---|---|---|---|
| 100.0 | | 100.0 | | n/a | n/a | | 100.0 |
| 52 | 53 | 54 | 55 | 56 | 57-73 | 74 | |
| Target year | Targeted reduction from base year (%) | Total emissions in target year covered by target in all selected Scopes (metric tons CO2e) [auto-calculated] | Scope 1 emissions in reporting year covered by target (metric tons CO2e) | Scope 2 emissions in reporting year covered by target (metric tons CO2e) | Scope 3, Category [...] emissions in reporting year covered by target (metric tons CO2e) [One column for each Scope 3 category] | | Total Scope 3 emissions in reporting year covered by target (metric tons CO2e) |
| 2029 | 42.0 | 2,180,800 | 1,910,000 | 1,120,000 | n/a | | n/a |
| 75 | 76 | 77 | 78 | 79 | 80 | 81 | |
| Total emissions in reporting year covered by target in all selected scopes (metric tons CO2e) | Does this target cover any land-related emissions? | % of target achieved relative to base year [auto-calculated] | Target status in reporting year | Please explain target coverage and identify any exclusions | Plan for achieving target, and progress made to the end of the reporting year | List the emissions reduction initiatives which contributed most to achieving this target | |
| 3,030,000 | <ul style="list-style-type: none"> No, it does not cover any land-related emissions (e.g. non-FLAG SBT) | 46.2% | <ul style="list-style-type: none"> Underway | In November 2019, Bayer committed itself to the Science Based Targets initiative (SBTi). In line with this, Bayer has developed and set itself the target “to reduce absolute Scope 1 and Scope 2 GHG emissions by 42 % by 2029 from a 2019 base year.” Bayer achieved the status “target set” by the SBTi in July 2020. This target aims to keep Bayer’s emissions from Scope 1 and 2 in line with a global temperature raise below 1.5°C. | <p>PLAN TO ACHIEVE THE TARGET: To implement our long-term climate strategy, our focus lies on reducing the greenhouse gas emissions associated with our operations and on the resilience of our business fields. Our roadmap comprises various measures in the areas of energy & efficiency, governance and offsetting.</p> <p>Electricity from renewable energies: by 2029, we intend for 100% of the electricity we purchase to be derived from renewable sources.</p> | n/a | |

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

PROGRESS MADE TO THE END OF REPORTING YEAR:
Electricity from renewable energies: in 2022, we pressed ahead with the conversion of our Group-wide electricity procurement, and renewable energies now account for 32.6% of our total purchased electricity volume. We have defined specific criteria for the procurement of green electricity and published this information on our website. These criteria include the geographical proximity between power generation locations and Bayer's sites, the use of new production sources and a focus on wind and solar energy. The criteria are based on the next-generation green power guidelines of the WWF (World Wide Fund for Nature).

Investment in efficiency measures and renewable energies: we are investing

| | | | | | | |
|--|--|--|--|--|--|--|
| | | | | | <p>in process innovations, more efficient facilities and building technology, as well as in the implementation and optimization of energy management systems, particularly at our production sites. Capital expenditure projects are under way at various sites to advance the use of climate neutral technologies such as geothermal energy or emissions-free steam production.</p> <p>ANTICIPATED PROGRESS CURVE: The rate of progress towards the target is anticipated and observed to change from year to year.</p> | |
|--|--|--|--|--|--|--|

ABS 2

| 1 | 2 | 3 | 4 | 5 | 6 | 7 |
|-------------------------|--|--|--|--|--|---|
| Target reference number | Is this a science-based target? | Target ambition* | Year target was set | Target coverage | Scope(s) | Scope 2 accounting method |
| Abs2 | <ul style="list-style-type: none"> Yes, and this target has been approved by the Science Based Targets initiative | <ul style="list-style-type: none"> 2°C aligned | 2019 | <ul style="list-style-type: none"> Company-wide | <ul style="list-style-type: none"> Scope 3 | n/a |
| 8 | 9 | 10 | 11 | 12-28 | 29 | 30 |
| Scope 3 category(ies) | Base year | Base year Scope 1 emissions covered by target (metric tons CO2e) | Base year Scope 2 emissions covered by target (metric tons CO2e) | Base year Scope 3, Category [...] emissions covered by target (metric tons CO2e)* [One column for each Scope 3 category] | Base year total Scope 3 emissions covered by target (metric tons CO2e) | Total base year emissions covered by target in all selected Scopes (metric tons CO2e) |

| | | | | | | |
|---|---|---|--|---|---|--|
| <ul style="list-style-type: none"> • Category 1: Purchased goods and services • Category 2: Capital goods • Category 3: Fuel-and-energy-related activities (not included in Scopes 1 or 2) • Category 4: Upstream transportation and distribution • Category 6: Business travel" | 2019 | n/a | n/a | <ul style="list-style-type: none"> • Category 1: 6,621,000 • Category 2: 508,000 • Category 3: 728,000 • Category 4: 656,000 • Category 6: 303,000 | 8,816,000 | 8,816,000 |
| 31 | 32 | 33-49 | | 50 | 51 | |
| Base year Scope 1 emissions covered by target as % of total base year emissions in Scope 1 | Base year Scope 2 emissions covered by target as % of total base year emissions in Scope 2 | Base year Scope 3, Category [...] emissions covered by target as % of total base year emissions in Scope 3, Category [...] (metric tons CO₂e)* [One column for each Scope 3 category] | | Base year Scope 3 emissions covered by target as % of total base year emissions in Scope 3 (in all Scope 3 categories) | Base year emissions covered by target in all selected Scopes as % of total base year emissions in all selected Scopes | |
| n/a | n/a | <ul style="list-style-type: none"> • Category 1: 66,26 • Category 2: 5,08 • Category 3: 7,29 • Category 4: 6,56 • Category 6: 3,03 | | 88.3 | 88.3 | |
| 52 | 53 | 54 | 55 | 56 | 57-73 | 74 |
| Target year | Targeted reduction from base year (%) | Total emissions in target year covered by target in all selected Scopes (metric tons CO₂e) [auto-calculated] | Scope 1 emissions in reporting year covered by target (metric tons CO₂e) | Scope 2 emissions in reporting year covered by target (metric tons CO₂e) | Scope 3, Category [...] emissions in reporting year covered by target (metric tons CO₂e) [One column for each Scope 3 category] | Total Scope 3 emissions in reporting year covered by target (metric tons CO₂e) |
| 2029 | 12.3 | 7,779,867 | n/a | n/a | <ul style="list-style-type: none"> • Category 1: 6,870,000 • Category 2: 510,000 • Category 3: 550,000 • Category 4: 820,000 • Category 6: 150,000 | 8,900,000 |
| 75 | 76 | 77 | 78 | 79 | 80 | 81 |

| Total emissions in reporting year covered by target in all selected scopes (metric tons CO2e) | Does this target cover any land-related emissions? | % of target achieved relative to base year [auto-calculated] | Target status in reporting year | Please explain target coverage and identify any exclusions | Plan for achieving target, and progress made to the end of the reporting year | List the emissions reduction initiatives which contributed most to achieving this target |
|---|--|--|--|---|--|--|
| 8,900,000 | <ul style="list-style-type: none"> No, it does not cover any land-related emissions (e.g. non-FLAG SBT) | -8.1% | <ul style="list-style-type: none"> Underway | <p>In November 2019, Bayer committed itself to the Science Based Targets initiative (SBTi). In line with this, Bayer has developed and set itself the target “to reduce absolute Scope 3 GHG emissions from purchased goods and services, capital goods, fuel and energy related activities, upstream transportation & distribution, and business travel by 12.3 % by the end of 2029 from a 2019 base year.” Bayer achieved the status “target set” by the SBTi in July 2020. This target aims to keep Bayer’s emissions from Scope 3 in line with a global temperature raise below 2°C.</p> | <p>PLAN TO ACHIEVE THE TARGET: We aim to reduce greenhouse gas emissions along the upstream and downstream value chain through cooperation with suppliers and customers. As the ability of one company on its own to reduce greenhouse gas emissions along the value chain is only limited, Bayer has joined together with other companies within various initiatives.</p> <p>PROGRESS MADE TO THE END OF REPORTING YEAR: We aim to ascertain the level of greenhouse gas emissions and climate risks and develop reduction targets and strategies within the scope of programs such as the Together for Sustainability (TfS) initiative of the chemical industry. Bayer heads up the working group to reduce greenhouse gas emissions in the supply chain. Through the Supply Chain Initiative of CDP, we ask our strategically important suppliers and those who account for a significantly</p> | n/a |

high proportion of our emissions in the value chain to provide us with more exact greenhouse gas emissions data. Using the methods of the Supply Chain Initiative, we aim to learn more about the greenhouse gas emissions of our suppliers and the share of these emissions attributable to products and services sourced by us. We also ascertain reduction targets and the use of renewable energies. By applying the Supply Chain Initiative methods, furthermore, we aim to identify potential for reducing greenhouse gas emissions among our suppliers and incorporate this potential into our supplier development efforts.

In 2021, we – like our biggest transport and logistics partners and various industrial companies – began to implement the IT solution “EcoTransIT World” for automatic calculation of transport-related greenhouse gas emissions. Bayer is also a member of the EcoTransIT World Initiative.

Furthermore, we take advantage of the Pharmaceutical Supply Chain Initiative (PSCI) working group to engage in dialogue within the

| | | | | | | |
|--|--|--|--|--|---|--|
| | | | | | <p>pharmaceutical industry about measures to reduce Scope 3 emissions.</p> <p>ANTICIPATED POGRESS CURVE: The rate of progress towards the target is anticipated and observed to change from year to year.</p> | |
|--|--|--|--|--|---|--|

ABS 3

| 1 | 2 | 3 | 4 | 5 | 6 | 7 |
|---|---|---|---|---|---|--|
| Target reference number | Is this a science-based target? | Target ambition* | Year target was set | Target coverage | Scope(s) | Scope 2 accounting method |
| Abs3 | <ul style="list-style-type: none"> No, but we are reporting another target that is science-based | n/a | 2020 | <ul style="list-style-type: none"> Company-wide | <ul style="list-style-type: none"> Scope 1 Scope 2 | <ul style="list-style-type: none"> Market-based |
| 8 | 9 | 10 | 11 | 12-28 | 29 | 30 |
| Scope 3 category(ies) | Base year | Base year Scope 1 emissions covered by target (metric tons CO2e) | Base year Scope 2 emissions covered by target (metric tons CO2e) | Base year Scope 3, Category [...] emissions covered by target (metric tons CO2e)* [One column for each Scope 3 category] | Base year total Scope 3 emissions covered by target (metric tons CO2e) | Total base year emissions covered by target in all selected Scopes (metric tons CO2e) |
| n/a | 2019 | 2,080,000 | 1,680,000 | n/a | n/a | 3,760,000 |
| 31 | 32 | 33-49 | 50 | 51 | | |
| Base year Scope 1 emissions covered by target as % of total base year emissions in Scope 1 | Base year Scope 2 emissions covered by target as % of total base year emissions in Scope 2 | Base year Scope 3, Category [...] emissions covered by target as % of total base year emissions in Scope 3, Category [...] (metric tons CO 2e)* [One column for each Scope 3 category] | Base year Scope 3 emissions covered by target as % of total base year emissions in Scope 3 (in all Scope 3 categories) | Base year emissions covered by target in all selected Scopes as % of total base year emissions in all selected Scopes | | |
| 100.0 | 100.0 | n/a | n/a | 100.0 | | |

| 52 | 53 | 54 | 55 | 56 | 57-73 | 74 |
|--|--|---|---|---|--|---|
| Target year | Targeted reduction from base year (%) | Total emissions in target year covered by target in all selected Scopes (metric tons CO2e) [auto-calculated] | Scope 1 emissions in reporting year covered by target (metric tons CO2e) | Scope 2 emissions in reporting year covered by target (metric tons CO2e) | Scope 3, Category [...] emissions in reporting year covered by target (metric tons CO2e) [One column for each Scope 3 category] | Total Scope 3 emissions in reporting year covered by target (metric tons CO2e) |
| 2024 | 20.0 | 3,008,000 | 1,910,000 | 1,120,000 | n/a | n/a |
| 75 | 76 | 77 | 78 | 79 | 80 | 81 |
| Total emissions in reporting year covered by target in all selected scopes (metric tons CO2e) | Does this target cover any land-related emissions? | % of target achieved relative to base year [auto-calculated] | Target status in reporting year | Please explain target coverage and identify any exclusions | Plan for achieving target, and progress made to the end of the reporting year | List the emissions reduction initiatives which contributed most to achieving this target |
| 3,030,000 | <ul style="list-style-type: none"> No, it does not cover any land-related emissions (e.g. non-FLAG SBT) | 97.1% | <ul style="list-style-type: none"> Underway | <p>In November 2019, Bayer committed itself to the Science Based Targets initiative (SBTi). In line with this, Bayer has developed and set itself the target “to reduce absolute Scope 1 and Scope 2 GHG emissions by 42 % by 2029 from a 2019 base year.” Bayer achieved the status “target set” by the SBTi in July 2020. This target aims to keep Bayer’s emissions from Scope 1 and 2 in line with a global temperature raise below 1.5°C. By 2024, as an INTERIM TARGET, we want to reduce our Scope 1 and Scope 2 emissions by 20%.</p> | <p>PLAN TO ACHIEVE THE TARGET: To implement our long-term climate strategy, our focus lies on reducing the greenhouse gas emissions associated with our operations and on the resilience of our business fields. Our roadmap comprises various measures in the areas of energy & efficiency, governance and offsetting.</p> <p>Electricity from renewable energies: by 2029, we intend for 100% of the electricity we purchase to be derived from renewable sources.</p> <p>Investment in efficiency measures and renewable energies: to achieve an absolute reduction in our remaining emissions, we</p> | n/a |

intend to invest EUR 500 million through 2030 in renewable energies and in increasing the energy efficiency of our facilities and buildings.

PROGRESS MADE TO THE END OF REPORTING YEAR:
Electricity from renewable energies: in 2022, we pressed ahead with the conversion of our Group-wide electricity procurement, and renewable energies now account for 32.6% of our total purchased electricity volume. We have defined specific criteria for the procurement of green electricity and published this information on our website. These criteria include the geographical proximity between power generation locations and Bayer's sites, the use of new production sources and a focus on wind and solar energy. The criteria are based on the next-generation green power guidelines of the WWF (World Wide Fund for Nature).

Investment in efficiency measures and renewable energies: we are investing in process innovations, more efficient facilities and building technology, as well as in the implementation and optimization of energy

| | | | | | | |
|--|--|--|--|--|---|--|
| | | | | | <p>management systems, particularly at our production sites. Capital expenditure projects are under way at various sites to advance the use of climate neutral technologies such as geothermal energy or emissions-free steam production.</p> <p>ANTICIPATED PROGRESS CURVE: The rate of progress towards the target is anticipated and observed to change from year to year.</p> | |
|--|--|--|--|--|---|--|

ABS 4

| 1 | 2 | 3 | 4 | 5 | 6 | 7 |
|---|---|--|--|---|--|---|
| Target reference number | Is this a science-based target? | Target ambition* | Year target was set | Target coverage | Scope(s) | Scope 2 accounting method |
| Abs4 | <ul style="list-style-type: none"> No, but we are reporting another target that is science-based | n/a | 2020 | <ul style="list-style-type: none"> Company-wide | <ul style="list-style-type: none"> Scope 3 | n/a |
| 8 | 9 | 10 | 11 | 12-28 | 29 | 30 |
| Scope 3 category(ies) | Base year | Base year Scope 1 emissions covered by target (metric tons CO2e) | Base year Scope 2 emissions covered by target (metric tons CO2e) | Base year Scope 3, Category [...] emissions covered by target (metric tons CO2e)* [One column for each Scope 3 category] | Base year total Scope 3 emissions covered by target (metric tons CO2e) | Total base year emissions covered by target in all selected Scopes (metric tons CO2e) |
| <ul style="list-style-type: none"> Category 1: Purchased goods and services Category 2: Capital goods | 2019 | n/a | n/a | <ul style="list-style-type: none"> Category 1: 6,621,000 Category 2: 508,000 Category 3: 728,000 Category 4: 656,000 Category 6: 303,000 | 8,816,000 | 8,816,000 |

| | | | | | | | | | | | | | |
|---|--|--|--|--|--|--|--|---|--|---|--|--|--|
| <ul style="list-style-type: none"> • Category 3: Fuel-and-energy-related activities (not included in Scopes 1 or 2) • Category 4: Upstream transportation and distribution • Category 6: Business travel | | | | | | | | | | | | | |
| 31 | | 32 | | 33-49 | | 50 | | 51 | | | | | |
| Base year Scope 1 emissions covered by target as % of total base year emissions in Scope 1 | | Base year Scope 2 emissions covered by target as % of total base year emissions in Scope 2 | | Base year Scope 3, Category [...] emissions covered by target as % of total base year emissions in Scope 3, Category [...] (metric tons CO 2e)* [One column for each Scope 3 category] | | Base year Scope 3 emissions covered by target as % of total base year emissions in Scope 3 (in all Scope 3 categories) | | Base year emissions covered by target in all selected Scopes as % of total base year emissions in all selected Scopes | | | | | |
| n/a | | n/a | | <ul style="list-style-type: none"> • Category 1: 66,26 • Category 2: 5,08 • Category 3: 7,29 • Category 4: 6,56 • Category 6: 3,03 | | 88.3 | | 88.3 | | | | | |
| 52 | | 53 | | 54 | | 55 | | 56 | | 57-73 | | 74 | |
| Target year | | Targeted reduction from base year (%) | | Total emissions in target year covered by target in all selected Scopes (metric tons CO2e) [auto-calculated] | | Scope 1 emissions in reporting year covered by target (metric tons CO2e) | | Scope 2 emissions in reporting year covered by target (metric tons CO2e) | | Scope 3, Category [...] emissions in reporting year covered by target (metric tons CO2e) [One column for each Scope 3 category] | | Total Scope 3 emissions in reporting year covered by target (metric tons CO2e) | |
| 2024 | | 6.0 | | 8,338,740 | | n/a | | n/a | | <ul style="list-style-type: none"> • Category 1: 6,870,000 • Category 2: 510,000 • Category 3: 550,000 • Category 4: 820,000 • Category 6: 150,000 | | 8,900,000 | |
| 75 | | 76 | | 77 | | 78 | | 79 | | 80 | | 81 | |
| Total emissions in reporting year covered by target in all selected | | Does this target cover any land-related emissions? | | % of target achieved relative to base year [auto-calculated] | | Target status in reporting year | | Please explain target coverage and identify any exclusions | | Plan for achieving target, and progress | | List the emissions reduction initiatives | |

| scopes (metric tons CO2e) | | | | | made to the end of the reporting year | which contributed most to achieving this target |
|---------------------------|--|--------|--|---|---|---|
| 8,900,000 | <ul style="list-style-type: none"> No, it does not cover any land-related emissions (e.g. non-FLAG SBT) | -17.6% | <ul style="list-style-type: none"> Underway | <p>In November 2019, Bayer committed itself to the Science Based Targets initiative (SBTi). In line with this, Bayer has developed and set itself the target “to reduce absolute Scope 3 GHG emissions from purchased goods and services, capital goods, fuel and energy related activities, upstream transportation & distribution, and business travel by 12.3 % by the end of 2029 from a 2019 base year.” Bayer achieved the status “target set” by the SBTi in July 2020. This target aims to keep Bayer’s emissions from Scope 3 in line with a global temperature raise below 2°C. By 2024, as an INTERIM TARGET, we want to reduce our Scope 3 emissions by 6%.</p> | <p>PLAN TO ACHIEVE THE TARGET: We aim to reduce greenhouse gas emissions along the upstream and downstream value chain through cooperation with suppliers and customers. As the ability of one company on its own to reduce greenhouse gas emissions along the value chain is only limited, Bayer has joined together with other companies within various initiatives.</p> <p>PROGRESS MADE TO THE END OF REPORTING YEAR: We aim to ascertain the level of greenhouse gas emissions and climate risks and develop reduction targets and strategies within the scope of programs such as the Together for Sustainability (TfS) initiative of the chemical industry. Bayer heads up the working group to reduce greenhouse gas emissions in the supply chain. Through the Supply Chain Initiative of CDP, we ask our strategically important suppliers and those who account for a significantly high proportion of our emissions in the value chain to provide us with</p> | n/a |

more exact greenhouse gas emissions data. Using the methods of the Supply Chain Initiative, we aim to learn more about the greenhouse gas emissions of our suppliers and the share of these emissions attributable to products and services sourced by us. We also ascertain reduction targets and the use of renewable energies. By applying the Supply Chain Initiative methods, furthermore, we aim to identify potential for reducing greenhouse gas emissions among our suppliers and incorporate this potential into our supplier development efforts.

In 2021, we – like our biggest transport and logistics partners and various industrial companies – began to implement the IT solution “EcoTransIT World” for automatic calculation of transport-related greenhouse gas emissions. Bayer is also a member of the EcoTransIT World Initiative.

Furthermore, we take advantage of the Pharmaceutical Supply Chain Initiative (PSCI) working group to engage in dialogue within the pharmaceutical industry about measures to reduce Scope 3 emissions.

| | | | | | | |
|--|--|--|--|--|--|--|
| | | | | | ANTICIPATED PROGRESS CURVE: The rate of progress towards the target is anticipated and observed to change from year to year. | |
|--|--|--|--|--|--|--|

[Add row]

Other climate-related targets

(C4.2) Did you have any other climate-related targets that were active in the reporting year?

- Target(s) to increase low-carbon energy consumption or production
- Net-zero target(s)
- Other climate-related target(s)

(C4.2a) Provide details of your target(s) to increase low-carbon energy consumption or production.

| 1 | 2 | 3 | 4 | 5 | 6 | |
|---------------------------------|---|--|--|---|--|--|
| Target reference number | Year target was set | Target coverage | Target type: energy carrier | Target type: activity | Target type: energy source | |
| Low1 | 2019 | • Company-wide | • Electricity | • Consumption | • Renewable energy sources only | |
| 7 | 8 | 9 | 10 | 11 | 12 | 13 |
| Base year | Consumption or production of selected energy carrier in base year (MWh) | % share of low-carbon or renewable energy in base year | Target year | % share of low-carbon or renewable energy in target year | % share of low-carbon or renewable energy in reporting year | % of target achieved relative to base year [auto-calculated] |
| 2019 | 48,333 | 2 | 2029 | 96 | 32.6 | 32.6% |
| 14 | 15 | 16 | 17 | 18 | 19 | |
| Target status in reporting year | Is this target part of an emissions target? | Is this target part of an overarching initiative? | Please explain target coverage and identify any exclusions | Plan for achieving target, and progress made to the end of the reporting year | List the actions which contributed most to achieving this target | |

| | | | | | |
|--|---|--|--|--|------------|
| <ul style="list-style-type: none"> Underway | <p>Abs1 Yes, this target is part of our emissions reduction target to reduce absolute Scope 1 and Scope 2 GHG emissions by 42 % by 2029 from a 2019 base year (see target Abs1 in question C4.1a). This target aims to keep Bayer's emissions from Scope 1 and 2 in line with a global temperature raise below 1.5°C.</p> | <ul style="list-style-type: none"> No, it's not part of an overarching initiative | <p>In 2019, Bayer set and published the target to achieve 100% climate-neutral operations through energy efficiencies, shift to green energy, and compensation. This includes our low-carbon energy consumption target to increase our share of renewable energy purchase to 100%. We aim to achieve this through renewable PPA's (Power Purchase Agreement) wherever possible. EAC (Energy Attribute Certificate) purchases will be used for the remaining electricity (approx. 10%).</p> | <p>PLAN TO ACHIEVE THE TARGET: To implement our long-term climate strategy, our focus lies on reducing the greenhouse gas emissions associated with our operations and on the resilience of our business fields. Our roadmap comprises various measures in the areas of energy & efficiency, governance and offsetting.</p> <p>Electricity from renewable energies: by 2029, we intend for 100% of the electricity we purchase to be derived from renewable sources.</p> <p>PROGRESS MADE TO THE END OF REPORTING YEAR: In 2022, we pressed ahead with the conversion of our Group-wide electricity procurement, and renewable energies now account for 32.6% of our total purchased electricity volume.</p> <p>We have defined specific criteria for the procurement of green electricity and published this information on our website. These criteria include the geographical PROXIMITY between power generation locations and Bayer's sites, the use of new production sources (ADDITIONALITY) and a focus on wind and solar energy. The criteria are based on the next-generation green power guidelines of the WWF (World Wide Fund for Nature). To monitor and track Bayer's activities and progress different performance indicators have been defined, e.g. % of renewable electricity with grid connection: target 50% (addressing proximity) or % of renewable electricity coming from investments younger than 15 years upon conclusion of the contract: target 50% (addressing additionality).</p> | <p>n/a</p> |
|--|---|--|--|--|------------|

[Add row]

(C4.2b) Provide details of any other climate-related targets, including methane reduction targets.

| 1 Target reference number | 2 Year target was set | 3 Target coverage | 4 Target type: absolute or intensity | 5a Target type: category | 5b Metric (target numerator if reporting an intensity target) | 6 Target denominator (intensity targets only) |
|------------------------------|--------------------------|---|---|---|--|--|
| Oth1 | 2019 | <ul style="list-style-type: none"> Business division | <ul style="list-style-type: none"> Intensity | <ul style="list-style-type: none"> Engagement with customers | <ul style="list-style-type: none"> Other, please specify: kg CO2e | <ul style="list-style-type: none"> Other, please specify: Per kg crop produced on the field in major agricultural markets |
| 7 | 8 | 9 | 10 | 11 | 12 | |

| Base year | | Figure or percentage in base year | Target year | Figure or percentage in target year | Figure or percentage in reporting year | % of target achieved relative to base year [auto-calculated] |
|--|--|--|---|--|--|--|
| 2019 | | 100 | 2030 | 70 | 100 | 0 |
| 13 | 14 | 15 | 16 | 17 | 18 | |
| Target status in reporting year | Is this target part of an emissions target? | Is this target part of an overarching initiative? | Please explain target coverage and identify any exclusions | Plan for achieving target, and progress made to the end of the reporting year | List the actions which contributed most to achieving this target | |
| <ul style="list-style-type: none"> Underway | <ul style="list-style-type: none"> No, this target is not part of our emissions target. | <ul style="list-style-type: none"> No, it's not part of an overarching initiative | <p>In 2019, we set the goal to help reduce in-field emissions of our farming customers per kg of crop produced in our key markets by 30% till 2030. To this end, Bayer will help farmers apply more sustainable practices, such as reducing tillage to help sequester carbon in the soil and ensuring the more precise use of crop protection and fertilizer (helping to reduce GHG emission) through product innovation and digital tools.</p> <p>Base year and target figures are representing the in-field GHG footprint of our farming customer across key markets in scope, with estimated total emissions of 100 million t CO₂e.</p> | <p>PLAN TO ACHIEVE THE TARGET:</p> <p>In addition to our commitments to carbon neutrality for our own operations, we aim to enable our farming customers to reduce their greenhouse gas emissions per kilogram of crop produced by 30% through 2030. This applies for the highest greenhouse gas emitting crop systems and in the regions Bayer serves with its products. Therefore, our focus lies on soy and corn in the United States, Brazil and Argentina, paddy rice in India, and wheat, cotton and oilseed rape/canola in various geographies.</p> <p>The scope of our efforts is focused on emissions of major greenhouse gases: carbon dioxide (CO₂), methane (CH₄) and nitrous oxide (N₂O) from field operations.</p> <p>PROGRESS MADE TO THE END OF REPORTING YEAR:</p> <p>To achieve our target, we foster the adoption of climate-smart practices and technologies by our farming customers. These include high-yielding crop genetics, crop protection products, precision irrigation systems, soil management tactics through no-till and cover crops, crop rotation, root health, fertilization management, microorganisms and inoculants, a switch to dry-seeded rice, and digital and precision farming tools.</p> <p>To learn how to scale the adoption of climate-smart practices and solutions, create new value streams for our farming customers and business opportunities for ourselves, and at the same time benefit the environment, Bayer is driving the implementation of Carbon Farming Initiatives in every region we serve:</p> <p>North America: In the U.S., the Bayer PRO Carbono rewards farmers for adopting climate-smart practices. Growers can receive guaranteed payments based on the adoption of these practices and the number of acres enrolled per year.</p> <p>Latin America: As part of the Bayer Carbon Program, farmers in Brazil who fulfill the requirements, such as social</p> | n/a | |

| | | | | | | |
|--|--|--|--|--|---|--|
| | | | | | and environmental compliance, and adopt climate-smart practices, are eligible for soil collection and analyses with our partner, Embrapa. The effort was launched in 2021 with approximately 1,800 farmers (over 200,000 acres). Europe: Bayer launched its decarbonization program for agriculture in 2021. We are engaging in open discussions with key regional, local and global food chain partners. Asia/Pacific: Flooded paddy rice has been identified as a significant contributor to emissions of methane, a potent greenhouse gas. As part of the India Sustainable Rice project started in 2021, Bayer is evaluating greenhouse gas emissions reduction potential in the cultivation of rice. | |
|--|--|--|--|--|---|--|

[Add row]

(C4.2c) Provide details of your net-zero target(s).

| 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 |
|-------------------------|--|--|------------------------------------|---|--|---|--|--|
| Target reference number | Target coverage | Absolute/intensity emission target(s) linked to this net-zero target | Target year for achieving net zero | Is this a science-based target? | Please explain target coverage and identify any exclusions | Do you intend to neutralize any unabated emissions with permanent carbon removals at the target year? | Planned milestones and/or near-term investments for neutralization at target year | Planned actions to mitigate emissions beyond your value chain (optional) |
| NZ1 | <ul style="list-style-type: none"> Company-wide | <ul style="list-style-type: none"> Abs1 Abs2 Abs3 Abs4 | 2050 | <ul style="list-style-type: none"> Yes, we consider this a science-based target, and we have committed to seek validation of this target by the Science Based Targets initiative in the next 2 years | As a science-based company, Bayer has recognized the risks posed by global climate change. We aim to continuously reduce GHG emissions within our company and along our entire value chain in accordance with the UN SDGs and the Paris Agreement to limit global warming to 1.5 degrees Celsius. To hold off some of the worst climate impacts, and avoid irreversible damage to our societies, economies and the natural world, we must hold temperature rise to 1.5°C above pre-industrial levels. This requires halving greenhouse gas emissions | <ul style="list-style-type: none"> Yes | <p>Bayer has undertaken to achieve a net zero target for greenhouse gas emissions throughout the entire value chain by 2050 or earlier. As an external expression of commitment to net zero greenhouse gas emissions, the company also signed the Business Ambition for 1.5°C, a campaign of the SBTi in partnership with the U.N. Global Compact and the We Mean Business Coalition.</p> <p>On our way to net zero, we aim to achieve climate neutrality at all our own sites by 2030.</p> <p>We align our CAPEX spending with our ambition to achieve net zero GHG emissions by 2050, in line with the global goal to limit global warming to 1.5C. Bayer plans to</p> | n/a |

| | | | | | | |
|--|--|--|--|--|--|--|
| | | | | <p>by 2030 and hitting net-zero emissions by 2050. We have set ourselves the target to reach science-based net-zero GHG emissions including our entire value chain by 2050 or sooner and signed the Business Ambition for 1.5°C.</p> | <p>invest EUR 500 million in energy efficiency and climate-friendly measures until 2030. We also engage in innovative lighthouse projects to foster techniques for long-term carbon removal.</p> <p>To anticipate climate-related business risks and opportunities and drive internal change, we have set ourselves an internal carbon price of EUR 100 per metric ton when calculating our capital expenditure projects. This incentive applies to all CO2 emission reduction initiatives with the exception of emissions from purchased electricity, which are to become zero with the 2030 target of 100% purchased electricity from renewable sources.</p> <p>To achieve climate neutrality, we will offset our own emissions (Scope 1 and 2) that still remain following reduction through technological measures and cannot be avoided (such as greenhouse gas emissions generated by chemical processes) by purchasing certificates from climate protection projects that meet recognized quality standards. These projects need to have a connection to our own business. Here as well, we have established specific criteria for our own procurement of certificates from climate protection projects. In this process, we focus on nature-based climate solutions, preferably concerning forestry and agriculture projects. We will also invest in innovative projects to promote the development of voluntary carbon markets. We report on our website on our strategy and the projects we support. We offset more than 450,000 metric tons of our greenhouse gas emissions in 2022 by financing reforestation and forest conservation projects, for example in Brazil, Guatemala, Indonesia, Nicaragua, Peru, Zambia and Zimbabwe.</p> | |
|--|--|--|--|--|--|--|

[Add row]

Emissions reduction initiatives

*(C4.3) Did you have emissions reduction initiatives that were active within the reporting year? Note that this can include those in the planning and/or implementation phases.

- Yes

*(C4.3a) Identify the total number of initiatives at each stage of development, and for those in the implementation stages, the estimated CO₂e savings.

| 1 | 2 | 3 |
|---------------------------|-----------------------|--|
| Stage of development | Number of initiatives | Total estimated annual CO ₂ e savings in metric tons CO ₂ e (only for rows marked *) |
| Under investigation | 342 | 357,721 |
| To be implemented* | 174 | 126,835 |
| Implementation commenced* | 308 | 328,858 |
| Implemented* | 198 | 200,859 |
| Not to be implemented | 45 | 83,688 |

*(C4.3b) Provide details on the initiatives implemented in the reporting year in the table below.

| 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 |
|--------------------------------|---|--|---|----------------------|--|--|----------------|--------------------------------------|--|
| Initiative category | Initiative type | Estimated annual CO ₂ e savings (metric tons CO ₂ e) | Scope(s) or Scope 3 category(ies) where emissions savings occur | Voluntary/ Mandatory | Annual monetary savings (unit currency – as specified in C0.4) | Investment required (unit currency – as specified in C0.4) | Payback period | Estimated lifetime of the initiative | Comment |
| Energy efficiency in buildings | Building Energy Management Systems (BEMS) | 5,816 | Scope 2 (market-based) | Voluntary | 924,000 € | 272,000 € | <1 year | 11-15 years | In 2022, several projects have been implemented around Building Energy Management Systems, e.g. technology for |

| | | | | | | | | | |
|---|--|-------|------------------------|-----------|-------------|-------------|------------|-------------|---|
| | | | | | | | | | automating and controlling energy consumption. |
| Energy efficiency in buildings | Heating, Ventilation and Air Conditioning (HVAC) | 2,391 | Scope 1 | Voluntary | 541,000 € | 1,464,000 € | 1-3 years | 16-20 years | In 2022, several projects have been implemented with HVAC-optimizations e.g. adapted operation of HVAC. |
| Energy efficiency in buildings | Lighting | 418 | Scope 2 (market-based) | Voluntary | 97,000 € | 524,000 € | 4-10 years | 11-15 years | In 2022, several projects have been implemented to change lighting to LED and to modify the timing of common areas lighting schedules. |
| Low-carbon energy generation | Maintenance program | 228 | Scope 2 (market-based) | Voluntary | 19,000 € | 108,000 € | 4-10 years | 21-30 years | In 2022, maintenance programs were ongoing improving emissions and efficiency. |
| Energy efficiency in production processes | Compressed air | 527 | Scope 2 (market-based) | Voluntary | 190,000 € | 631,000 € | 4-10 years | 11-15 years | In 2022, several projects have been implemented to improve compressor operation. |
| Energy efficiency in production processes | Cooling technology | 6,699 | Scope 1 | Voluntary | 1,783,000 € | 2,177,000 € | 1-3 years | 11-15 years | In 2022, several projects have been implemented to improve cooling equipment and to reduce cooling demands. |
| Energy efficiency in production processes | Machine/equipment replacement | 5,449 | Scope 1 | Voluntary | 687,000 € | 4,437,000 € | 4-10 years | 16-20 years | In 2022, several projects have been implemented to replace various pumps and evaporators for improved energy efficiency. |
| Energy efficiency in production processes | Motors and drives | 753 | Scope 2 (market-based) | Voluntary | 60,000 € | 50,000 € | <1 year | 6-10 years | In 2022, several motors have been substituted by more efficient models. |
| Energy efficiency in production processes | Process optimization | 7,837 | Scope 1 | Voluntary | 1,826,000 € | 350,000 € | <1 year | 11-15 years | In 2022, several projects have been implemented with process optimizations like heat recovery, pinch pointing, and effectiveness of steam generation. |
| Energy efficiency in production processes | Reuse of steam | 12 | Scope 1 | Voluntary | 4,000 € | 250,000 € | >25 years | 6-10 years | In 2022, projects have been implemented to reuse steam and to reduce steam losses. |

| | | | | | | | | | |
|---|--|---------|---|-----------|-----------|-----------|------------|-------------|---|
| Energy efficiency in production processes | Other, please specify: Boilers & Steam | 407 | Scope 1 | Voluntary | 145,000 € | 408,000 € | 1-3 years | 6-10 years | In 2022, projects have been implemented improving heat and steam generation. |
| Energy efficiency in production processes | Waste heat recovery | 361 | Scope 1 | Voluntary | 137,000 € | 81,000 € | <1 year | 11-15 years | In 2022, projects have been implemented to recover heat for further use in our production processes. |
| Low-carbon energy consumption | Low-carbon electricity mix | 166,908 | Scope 2 (market-based) | Voluntary | 0 € | 0 € | No payback | Ongoing | In 2022, several sites started to purchase low-carbon electricity. |
| Low-carbon energy generation | Solar PV | 1,354 | Scope 2 (market based) | Voluntary | 175,000 € | 788,000 € | 4-10 years | 21-30 years | In 2022, projects have been implemented to install PV panels for own electricity consumption. |
| Transportation | Company fleet vehicle replacement | 382 | Scope 1 | Voluntary | 108,000 € | 42,000 € | <1 year | 11-15 years | In 2022, several projects have been implemented to change transportation equipment from fossil fuel to electric and to minimize and consolidate necessary logistic processes within our operations. |
| Waste reduction and material circularity | Product/component/material recycling | 1,194 | Scope 3 category 5: Waste generated in operations | Voluntary | 922,000 € | 464,000 € | <1 year | Ongoing | In 2022, projects have been implemented to reuse and recycle various components, e.g. reuse of non-agrochemical empty container. |
| Company policy or behavioral change | Resource efficiency | 125 | Scope 1 | Voluntary | 4,000 € | 345,000 € | >25 years | Ongoing | In 2022, projects have been implemented to improve resource efficiency. |

[Add row]

***(C4.3c) What methods do you use to drive investment in emissions reduction activities?**

| 1 | 2 |
|---------------------|--|
| Method | Comment |
| Employee engagement | Most global production plants with 85% of energy consumption are staffed with Site Energy Officers who are in charge of managing energy efficiency tasks and the energy management systems. We are also lowering emissions in nonproductive areas. These include our Sustainable Fleet initiative and infrastructure of charging stations. Bike sharing and car sharing for all employees have also been launched. At some sites public transport season tickets are available at reduced rates. |

| | |
|--|---|
| Internal incentives/recognition programs | Emission reduction activities are also driven by energy targets within individual performance targets that are set to determine the variable salary component as part of our short-term incentive program. Also, emission reductions are driven by our internal employee ideas pool, which rewards ideas for improving energy efficiency. |
| Internal price on carbon | Bayer plans to invest EUR 500 million in energy efficiency measures until 2030. To steer investments, an internal CO2 incentive of EUR 100 per ton of CO2 has been included in the cost calculation of CapEx projects. |

[Add row]

Low-carbon products

(C4.5) Do you classify any of your existing goods and/or services as low-carbon products?

- Yes

(C4.5a) Provide details of your products and/or services that you classify as low-carbon products.

Example # 1:

| 1 | 2 | 3 | 4 | 5 | 6 | 7 |
|---|---|--|--|--|--|--|
| Level of aggregation | Taxonomy used to classify product(s) or service(s) as low-carbon | Type of product(s) or service(s) | Description of product(s) or service(s) | Have you estimated the avoided emissions of this low-carbon product(s) or service(s) | Methodology used to calculate avoided emissions | Life cycle stage(s) covered for the low-carbon product(s) or services(s) |
| <ul style="list-style-type: none"> • Group of products or services | <ul style="list-style-type: none"> • Other, please specify: Internal evaluation in accordance with standardized taxonomies | Other: <ul style="list-style-type: none"> • Other, please specify: Agricultural practices | In close cooperation with growers, we are committed to reducing our customers' in-field GHG emissions per kg of crop produced by 30% in the most emitting cropping systems that we serve by 2030. Among other technologies, the Climate FieldView™ digital agriculture platform provides farmers with centralized field data management and visualization to optimize fertility and seeding management. In addition, Data Manager, a new feature, scheduled for a U.S. release in early 2024, will provide operational and field-level practice data in a single place regardless of the source used at collection. This new landing page on FieldView Web includes data sourced from FieldView Cab, FieldView Data Inbox, Integrated API partners, and manual layers. Data layers that can be added, edited, or deleted in Data Manager include planting, application, and harvest data as well as new irrigation and tillage layers. These new layers for tillage and irrigation drive new opportunities for FieldView users | <ul style="list-style-type: none"> • Yes | <ul style="list-style-type: none"> • Other, please specify: Internal calculation in accordance with best practice calculation methods (e. g. Cool Farm Tool) and scientific studies | <ul style="list-style-type: none"> • Gate-to-gate |

| | | | | | | |
|--|---|---|--|---|---|--|
| | | | <p>to track sustainable practices and enhance their view of their farm with flexibility.</p> <p>NO TILLAGE: Soil health depends on the continued capacity of soil to function as a living ecosystem. Tillage can contribute to soil erosion and is an environmental problem worldwide. Tillage releases CO2 from the ground. Conservational tillage helps sequester carbon in the soil and therefore mitigate climate change, support soil health and improve food security</p> <p>COVER CROPS: Cover crops are species of grass, small grains, legumes or brassicas grown for seasonal protection and/or soil improvement. Cover crops provide valuable biomass to the soil when left on the field and capture carbon.</p> <p>N-FERTILIZER: Bayer has a partnership with VariMax, a new Nitrogen Tool for FieldView™ customers. The N-CHECK Nitrogen Management tool provides real-time nitrogen prescriptions, using actual data from farmers' crops and fields to produce a specific application recommendation.</p> | | | |
| 8 | 9 | 10 | 11 | 12 | 13 | |
| Functional unit used | Reference product/service or baseline scenario used | Life cycle stage(s) covered for the reference product/service or baseline scenario | Estimated avoided emissions (metric tons CO2e per functional unit) compared to reference product/service or baseline scenario | Explain your calculation of avoided emissions, including any assumptions | Revenue generated from low-carbon product(s) or service(s) as % of total revenue in the reporting year | |
| <p>Applying CLIMATE-SMART AGRICULTURAL PRACTICES (on a one hectar field over a whole year) vs. Applying conventional agricultural practices (on a one hectar</p> | <p>Conventional agricultural practices.</p> <p>Tillage: It involves mechanically turning the soil which can contribute to soil erosion, releases CO2 and is an environmental problem worldwide. Fuel used for tillage also contributes to carbon emissions.</p> <p>Leave fields fallow: Without cover crops, no additional carbon is captured and the soil is prone to erosion and CO2 release.</p> | <ul style="list-style-type: none"> • Gate-to-gate | 2.861 | <p>PLEASE NOTE: We do not disclose information for particular business for competitive reasons. Therefore, the stated % of REVENUE GENERATED from low-carbon products DOES NOT reflect our current share of revenue from low-carbon products, as we can not disclose this specific information.</p> <p>CALCULATION OF AVOIDED EMISSIONS: To estimate avoided emissions we refer to the scientific paper from McNunn et al. (2020): County-scale GHG reductions corresponding with a conversion from conventional tillage to no-tillage practices are estimated to</p> | 1 | |

| | | | | | |
|---|---|--|--|--|--|
| <p>field over a whole year)</p> <p>Measuring effects in kg CO₂ per year and hectare.</p> | <p>N-fertilizer use: Without active management use of nitrogen fertilizers is less efficient and leads to more nitrous oxide emissions.</p> | | | <p>be have a mean reduction potential of 1,477 kg CO₂e per ha per yr (SOC, N₂O, and CH₄ flux reductions of 945, 549, -17 kg CO₂e per ha per yr, respectively, where a negative reduction indicates an increase in emissions.) with a standard deviation of 605 kg CO₂e per ha per yr. Additionally, the adoption of cover crops is predicted to provide a mean reduction of 678 kg CO₂e per ha per yr (SOC, N₂O, and CH₄ flux reductions of 824, -173, 26.7 kg CO₂e per ha per yr, respectively), and improved N-fertilizer timing is estimated to mitigate 413 kg CO₂e per ha per yr (SOC, N₂O, and CH₄ flux reductions of 75, 337, 1 kg CO₂e per ha per yr, respectively). The adoption of multiple CSA practices is estimated to have the greatest mean reduction potential of 2,861 kg CO₂e per ha per yr (SOC, N₂O, and CH₄ flux reductions of 2,210, 611, 39 kg CO₂e per ha per yr, respectively). Use of the spatially explicit subfield modeling approach based on public data provides a relatively low-cost approach for strategically targeting CSA practices to agricultural regions where adoption is most impactful (McNunn et al., 2020)</p> | |
|---|---|--|--|--|--|

[Add row]

Example # 2:

| 1 | 2 | 3 | 4 | 5 | 6 | 7 |
|---|---|--|--|--|---|--|
| Level of aggregation | Taxonomy used to classify product(s) or service(s) as low-carbon | Type of product(s) or service(s) | Description of product(s) or service(s) | Have you estimated the avoided emissions of this low-carbon product(s) or service(s) | Methodology used to calculate avoided emissions | Life cycle stage(s) covered for the low-carbon product(s) or services(s) |
| <ul style="list-style-type: none"> Group of products or services | <ul style="list-style-type: none"> Other, please specify: Internal evaluation in accordance with standardized taxonomies | <p>Other:</p> <ul style="list-style-type: none"> Other, please specify: ANSAL tomato seed | <p>We offer innovative solutions to help farmers reduce food loss and waste on and beyond the farm.</p> <p>For example, Ansal® is a tomato variety with great shelf life and fruit firmness. These characteristics contribute to lower postharvest losses in India from about 20-25% to less than 8-10%, resulting in ~20% less kg of CO₂e per kg of marketable crop (versus the same leading competitor variety), as more food reaches the end consumer (a climate impact analysis by the Wageningen University using the Agro-Chain Greenhouse Gas Emissions (ACE) calculator).</p> | <ul style="list-style-type: none"> Yes | <p>Other, please specify: A climate impact analysis by the Wageningen University using the Agro-Chain Greenhouse Gas Emissions (ACE) calculator</p> | <ul style="list-style-type: none"> Gate-to-gate |

| | | | | | |
|---|---|---|--|---|---|
| | | | <p>This innovation placed Bayer among the 20 most climate friendly companies in 2021 (by European Seeds Magazine).</p> <p>We sell Ansal® in 16 countries in Africa and Asia Pacific, helping smallholder farmers to access innovative vegetable seeds.</p> | | |
| 8 | 9 | 10 | 11 | 12 | 13 |
| Functional unit used | Reference product/service or baseline scenario used | Life cycle stage(s) covered for the reference product/service or baseline scenario | Estimated avoided emissions (metric tons CO2e per functional unit) compared to reference product/service or baseline scenario | Explain your calculation of avoided emissions, including any assumptions | Revenue generated from low-carbon product(s) or service(s) as % of total revenue in the reporting year |
| kg CO2e, per kg ANSAL tomato sold to consumer | kg CO2e, per kg Reference Competitor Hybrid Variety tomato sold to customer | <ul style="list-style-type: none"> Gate-to-gate | 0.00005 | <p>PLEASE NOTE: We do not disclose information for particular business for competitive reasons. Therefore, the stated % of REVENUE GENERATED from low-carbon products DOES NOT reflect our current share of revenue from low-carbon products, as we cannot disclose this specific information.</p> <p>CALCULATION OF AVOIDED EMISSIONS: In a 2019 case study by Wageningen University for Bayer, using product performance data from 2013-2017 from ~65 Bayer internal trials and post-harvest data from ~60 growers and ~10 dealers and exporters for the south and west India markets, only about 8-10% of Ansal produce was estimated to be lost in the postharvest chain.</p> <p>Using the ACE calculator to calculate the product life cycle, Wageningen University determined that, such a reduction in post-harvest losses could result in ~20% less kg of CO2e per kg of marketable crop.vs. the same leading competitor variety, as more food reaches the end consumer (https://cgspace.cgiar.org/handle/10568/106161)</p> <p>The ACE calculator stated that ANSAL tomato had a marketed food product CLIMATE IMPACT of 0.189 kg CO2e, per kg sold on market versus 0.239 kg CO2e, per kg sold on market for the Reference Competitor Hybrid Variety. This results in the approximately ~ 20% less kg of CO2e (0.05 kg CO2e = 0.00005 t CO2e) per kg of marketable crop.vs. the same leading competitor variety. (Sustainability Free Full-Text Trade-Off Analyses of Food Loss and Waste Reduction and Greenhouse Gas Emissions in Food Supply Chains (mdpi.com))</p> | 1 |

[Add row]

C5 Emissions methodology

Changes in the reporting year

(C5.1) Is this your first year of reporting emissions data to CDP?

- No

(C5.1a) Has your organization undergone any structural changes in the reporting year, or are any previous structural changes being accounted for in this disclosure of emissions data?

| 1 | 2 | 3 |
|--|--|--|
| Has there been a structural change? | Name of organization(s) acquired, divested from, or merged with* | Details of structural change(s), including completion dates* |
| <ul style="list-style-type: none"> • No | n/a | n/a |

(C5.1b) Has your emissions accounting methodology, boundary, and/or reporting year definition changed in the reporting year?

| 1 | 2 |
|--|---|
| Change(s) in methodology, boundary, and/or reporting year definition? | Details of methodology, boundary, and/or reporting year definition change(s)* |
| <ul style="list-style-type: none"> • Yes, a change in methodology | Bayer applies a spend-based method to determine its Scope 3 emissions for category 3.1 (purchased goods and services), 3.2 (capital goods) and the warehousing part of 3.4 (upstream transportation and distribution). To enhance data quality and to reduce effects from extreme price fluctuations, statistical inflation data with higher temporal and geographical resolution (OECD) were used to correct those parts of our spend data that are not yet adjusted with primary data from Bayer. |

(C5.1c) Have your organization's base year emissions been recalculated as result of the changes or errors reported in C5.1a and C5.1b?

| 1 | 2 | 3 | 4 |
|-------------------------|------------------------|--|---------------------------|
| Base year recalculation | Scope(s) recalculated* | Base year emissions recalculation policy, including significance threshold | Past years' recalculation |

| | | | |
|---|-----|---|--|
| <ul style="list-style-type: none"> No, because the impact does not meet our significance threshold | N/A | <p>We strive to continuously improve the transparency and accuracy of our emissions accounting methodology implement improvements as they become available to us. According to our base year recalculation policy we have evaluated that the changes/adjustments in inflation methodology as part of our environmental extended input output model (described in C5.1b) do not influence our baseline emissions. A recalculation therefore was not necessary.</p> <p>The significance threshold applied for determining base year recalculations is 5%.</p> | <ul style="list-style-type: none"> No |
|---|-----|---|--|

Base year emissions

*(C5.2) Provide your base year and base year emissions.

| 1 | 2 | 3 | 4 | 5 |
|---|-----------------|---------------|--|---------|
| Scope | Base year start | Base year end | Base year emissions (metric tons CO2e) | Comment |
| Scope 1 | 01/01/2019 | 12/31/2019 | 2,080,000 | n/a |
| Scope 2 (location-based) | 01/01/2019 | 12/31/2019 | 1,770,000 | n/a |
| Scope 2 (market-based) | 01/01/2019 | 12/31/2019 | 1,680,000 | n/a |
| Scope 3 category 1: Purchased goods and services | 01/01/2019 | 12/31/2019 | 6,621,000 | n/a |
| Scope 3 category 2: Capital goods | 01/01/2019 | 12/31/2019 | 508,000 | n/a |
| Scope 3 category 3: Fuel-and-energy-related activities (not included in Scope 1 or 2) | 01/01/2019 | 12/31/2019 | 728,000 | n/a |
| Scope 3 category 4: Upstream transportation and distribution | 01/01/2019 | 12/31/2019 | 656,000 | n/a |
| Scope 3 category 5: Waste generated in operations | 01/01/2019 | 12/31/2019 | 337,000 | n/a |
| Scope 3 category 6: Business travel | 01/01/2019 | 12/31/2019 | 303,000 | n/a |
| Scope 3 category 7: Employee commuting | 01/01/2019 | 12/31/2019 | 122,000 | n/a |
| Scope 3 category 8: Upstream leased assets | n/a | n/a | n/a | n/a |
| Scope 3 category 9: Downstream transportation and distribution | n/a | n/a | n/a | n/a |
| Scope 3 category 10: Processing of sold products | n/a | n/a | n/a | n/a |

| | | | | |
|---|------------|------------|---------|-----|
| Scope 3 category 11: Use of sold products | n/a | n/a | n/a | n/a |
| Scope 3 category 12: End of life treatment of sold products | 01/01/2019 | 12/31/2019 | 718,000 | n/a |
| Scope 3 category 13: Downstream leased assets | n/a | n/a | n/a | n/a |
| Scope 3 category 14: Franchises | n/a | n/a | n/a | n/a |
| Scope 3 category 15: Investments [row hidden for FS sector] | n/a | n/a | n/a | n/a |
| Scope 3: Other (upstream) | n/a | n/a | n/a | n/a |
| Scope 3: Other (downstream) | n/a | n/a | n/a | n/a |

Emissions methodology

(C5.3) Select the name of the standard, protocol, or methodology you have used to collect activity data and calculate emissions.

- The Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (Revised Edition)

C6 Emissions data

Scope 1 emissions data

(C6.1) What were your organization's gross global Scope 1 emissions in metric tons CO2e?

| 1 | 2 | 3 | 4 | 5 |
|--|---|------------|------------|---------|
| Year | Gross global Scope 1 emissions (metric tons CO2e) | Start date | End date | Comment |
| Reporting year | 1,910,000 | 01/01/2022 | 12/31/2022 | n/a |
| Past year 1 [Only appears if "1 year", "2 years", "3 years", "4 years" or "5 years" is selected in column 4 of C0.2] | n/a | n/a | n/a | n/a |
| Past year 2 [Only appears if "2 years", "3 years", "4 years" or "5 years" is selected in column 4 of C0.2] | n/a | n/a | n/a | n/a |
| Past year 3 [Only appears if "3 years", "4 years" or "5 years" is selected in column 4 of C0.2] | n/a | n/a | n/a | n/a |
| Past year 4 [Only appears if "4 years" or "5 years" is selected in column 4 of C0.2] | n/a | n/a | n/a | n/a |
| Past year 5 [Only appears if "5 years" is selected in column 4 of C0.2] | n/a | n/a | n/a | n/a |

Scope 2 emissions reporting

(C6.2) Describe your organization's approach to reporting Scope 2 emissions.

| 1 | 2 | 3 |
|---|---|---------|
| Scope 2, location-based | Scope 2, market-based | Comment |
| We are reporting a Scope 2, location-based figure | We are reporting a Scope 2, market-based figure | n/a |

Scope 2 emissions data

(C6.3) What were your organization's gross global Scope 2 emissions in metric tons CO₂e?

| 1 | 2 | 3 | 4 | 5 | 6 |
|--|-------------------------|---------------------------------------|------------|------------|---------|
| Year | Scope 2, location-based | Scope 2, market-based (if applicable) | Start date | End date | Comment |
| Reporting year | 1,560,000 | 1,120,000 | 01/01/2022 | 12/31/2022 | n/a |
| Past year 1 [Only appears if "1 year", "2 years", "3 years", "4 years" or "5 years" is selected in column 5 of C0.2] | n/a | n/a | n/a | n/a | n/a |
| Past year 2 [Only appears if "2 years", "3 years", "4 years" or "5 years" is selected in column 5 of C0.2] | n/a | n/a | n/a | n/a | n/a |
| Past year 3 [Only appears if "3 years", "4 years" or "5 years" is selected in column 5 of C0.2] | n/a | n/a | n/a | n/a | n/a |
| Past year 4 [Only appears if "4 years" or "5 years" is selected in column 5 of C0.2] | n/a | n/a | n/a | n/a | n/a |
| Past year 5 [Only appears if "5 years" is selected in column 5 of C0.2] | n/a | n/a | n/a | n/a | n/a |

Exclusions

(C6.4) Are there any sources (e.g. facilities, specific GHGs, activities, geographies, etc.) of Scope 1, Scope 2 or Scope 3 emissions that are within your selected reporting boundary which are not included in your disclosure?

- No

Scope 3 emissions data

*(C6.5) Account for your organization’s gross global Scope 3 emissions, disclosing and explaining any exclusions.

| 1 | 2 | 3 | 4 | 5 | 6 |
|------------------------------|----------------------|--|--|---|---|
| Scope 3 category | Evaluation status | Emissions in reporting year (metric tons CO2e) | Emissions calculation methodology | Percentage of emissions calculated using data obtained from suppliers or value chain partners | Please explain |
| Purchased goods and services | Relevant, calculated | 6,866,000 | <ul style="list-style-type: none"> Spend-based method Average spend-based method | 0 | <p>“estell 6” is applied to calculate all relevant GHG emissions for purchased goods and services. estell is a model that is based on a detailed multi-regional environmentally-extended input output (EEIO) database (see GHG Protocol-Scope 3 Standard, chapter 7) developed by the consulting firm Systain.</p> <p>(i) Data sources: Activity data are taken from the procurement system of Bayer as purchasing volumes in euros, differentiated by cost types and country of origin. To determine emissions from purchased goods and services, all purchase volumes have been considered except capital goods, fuel & energy, transport, business travel and waste related cost types.</p> <p>estell’s emission factors are based on the input-output table of the OECD (https://www.oecd.org/sti/ind/inter-country-input-output-tables.htm) with additional inputs from BEA (www.bea.gov), World Bank indicators and EXIOBASE (www.exiobase.eu). The emission factors include all upstream (cradle-to-gate) emissions of all the relevant process steps for each good or service.</p> <p>The model focuses on emissions caused by primary inputs. Primary inputs are production related inputs and transports. Non-production related inputs are excluded to exclude emission sources with negligible potential to influence GHG reductions (see Scope 3 Accounting and Reporting Standard, p.31, minimum boundary) and to align the system boundary to approaches based on life-cycle assessment (LCA).</p> <p>(ii) Methodologies: To determine the emissions, procurement volumes by cost type and country are allocated to economic sectors and multiplied with estell’s emission factors for each unit of demand in every economic sector and region. In 2021 we enhanced the embedded price-adjustment approach to mitigate inflation. The model uses GWP values from IPCC’s AR 5 (2013) for a 100-year time horizon including carbon feedbacks.</p> |
| Capital goods | Relevant, calculated | 512,000 | <ul style="list-style-type: none"> Spend-based method Average spend-based method | 0 | <p>“estell 6” is applied to calculate all relevant GHG emissions for purchased goods and services. estell is a model that is based on a detailed multi-regional environmentally-extended input output (EEIO) database (see GHG Protocol-Scope 3 Standard, chapter 7) developed by the consulting firm Systain.</p> <p>(i) Data sources: Activity data are taken from the procurement system of Bayer as purchasing volumes in euros, differentiated by cost types and country of origin. To determine emissions</p> |

| | | | | | |
|---|----------------------|---------|--|---|---|
| | | | | | <p>from capital goods, only purchasing volumes from according cost types (taxonomy of Bayer) have been considered.</p> <p>estell's emission factors are based on the input-output table of the OECD (https://www.oecd.org/sti/ind/inter-country-input-output-tables.htm) with additional inputs from BEA (www.bea.gov), World Bank indicators and EXIOBASE (www.exiobase.eu). The emission factors include all upstream (cradle-to-gate) emissions of all the relevant process steps for each good or service.</p> <p>The model focuses on emissions caused by primary inputs. Primary inputs are production related inputs and transports. Non-production related inputs are excluded to exclude emission sources with negligible potential to influence GHG reductions (see Scope 3 Accounting and Reporting Standard, p.31, minimum boundary) and to align the system boundary to approaches based on life-cycle assessment (LCA).</p> <p>(ii) Methodologies: To determine the emissions, procurement volumes by cost type and country are allocated to economic sectors and multiplied with estell's emission factors for each unit of demand in every economic sector and region. In 2021 we enhanced the embedded price-adjustment approach to mitigate inflation. The model uses GWP values from IPCC's AR 5 (2013) for a 100-year time horizon including carbon feedbacks.</p> |
| Fuel-and-energy-related activities (not included in Scope 1 or 2) | Relevant, calculated | 548,000 | <ul style="list-style-type: none"> • Average data method • Fuel-based method | 0 | <p>In this category, Bayer considers GHG emissions from (A) Upstream emissions of purchased fuels and (B) Upstream emissions of purchased electricity and thermal energies (E+T); (C) Transmission and Distribution (T+D) losses are considered by the emission factors applied in (A) and (B).</p> <p>(i) Data types and sources: (A) Bayer retrieved the energy consumption (TJ) per primary energy source (internal energy generation and vehicle fleet consumption) type as well as purchased E+T from its Bayer site information system (BaySIS). BaySIS collects environmental related primary data at the sites. Emission factors for fuels, electricity grid mixes and thermal energies are taken from Sphera's latest GaBi product sustainability database. Those emission factors include already T+D losses of fuel, electricity and steam provision. As far as possible national specific emission factors are used, if those are not available regional or global factors were used.</p> <p>(ii) Methodologies: The methodology used is based on the GHG Protocol's Corporate Value Chain (Scope 3) Accounting and Reporting Standard. Using the average data method, the emissions are calculated by applying associated emission factors to specific activity data.</p> |
| Upstream transportation and distribution | Relevant, calculated | 822,000 | <ul style="list-style-type: none"> • Average data method • Distance-based method • Spend-based method • Average spend-based method | 0 | <p>Here we consider GHG emissions for up- and down-stream which Bayer has directly ordered and paid: (A) all in- and out-bound cargo-transport based emissions and (B) warehousing and logistic services.</p> <p>(i) Data sources: (A) Calculations are based on mass-related transport data taken from SAP Business Warehouses and SAP, JDA TMS and other data sources for the respective divisions globally. Bayer uses the CEFIC Recommended Emission Factors (Measuring and Managing CO₂ Emissions of European Chemical Transport, Edinburgh, 2010) and commercial tools (e.g., Google Geo Tools) for distance calculations enabling accurate assumptions in the relevant mode of transports. (B) For warehousing and logistic</p> |

| | | | | | |
|-------------------------------|----------------------|---------|---|---|--|
| | | | | | <p>services Bayer used procurement spend in euros, as used for calculating scope 3.1 'Purchased goods and services' and 3.2 'Capital goods' category.</p> <p>(ii) Methodologies: (general) Bayer does not own or control vehicles or facilities from which sold products are transported or distributed. Following the GHG Protocol's "Technical Guidance for Calculating Scope 3 Emissions (version 1.0)" for this category 9 (Downstream Transportation and Distribution) (page 102), Bayer's outbound transportation and distribution services that are purchased by us are excluded from category 9 and included in category 4. (A) Bayer used the CEFIC methodology and the GHG Protocol Standard to calculate upstream transportation emissions by multiplying metric tons of transported goods from our SAP and JDA systems by the calculated distance per shipment (based on ZIP based geo-data based distance computing or calculated or estimated with a commercial tool) to obtain ton-km associated with transport operations (mode of transport). This figure is then multiplied by default average emission factors [g CO₂/ton-km] for the specific mode of transport. (B) As for 3.1/3.2 the "estell 6" model is applied to calculate emissions from warehousing and logistic services.</p> |
| Waste generated in operations | Relevant, calculated | 259,000 | <ul style="list-style-type: none"> • Average data method • Waste-type-specific method • Site-specific method | 0 | <p>Bayer separates GHG emissions resulting from waste treated by third parties into (A) incineration, (B) landfill, (C) recycling and (D) other; plus (E) emissions from wastewater treatment.</p> <p>(i) Data sources: The amount of waste (activity data) treated by third parties for the different treatment methods is retrieved from our site information system BaySIS. The combustion factor for incineration (A) is calculated as a weighted average of waste specific emission factors either generated based on site specific waste information or literature data. These specific emission factors are based on carbon content or heating value of the waste. The emission factors for waste from landfill (B), other (D) and for wastewater (E) are calculated based on IPCC's AR 5 (2013). (C) In line with the IPCC, Bayer uses an emissions factor of 0 for recycled waste.</p> <p>(ii) Methodologies: The methodology used is based on the GHG Protocol Corporate Value Chain (Scope 3) Accounting and Reporting Standard. Using the average data method, the emissions are calculated by applying associated emission factors to each waste treatment category. (A) To calculate the emissions associated with incineration, the total amount of waste in this category is multiplied by the average carbon content related combustion emission factor. (B) To calculate the emissions resulting from waste treated in landfills, the total amount of waste in this category is multiplied by the dedicated emissions factor. (C) Emissions from recycling are treated as 0. (D) The small amount of waste which does not fall into categories (A), (B) or (C) is conservatively calculated using the same methodology as for incinerated waste (A). (E) A site-specific analysis of the share of waste water treated by third parties is performed based on information from BaySIS; the emissions are calculated according to IPCC guidelines based on the effluent organic carbon (resulting in CH₄ emissions) and nitrogen (resulting in N₂O emissions) loads which are retrieved from BaySIS.</p> |

| | | | | | |
|------------------------|------------------------------------|---------|--|-----|--|
| Business travel | Relevant, calculated | 151,000 | <ul style="list-style-type: none"> • Supplier-specific method • Average data method • Distance-based method | 5 | <p>We calculated GHG emissions for three main modes of transport: (A) air travel, (B) rental cars, and (C) train travel.</p> <p>(i) Data sources: (A) Air travel emissions are calculated according to the DEFRA methodology including radiative force (RF). Data (flight miles, departure/arrival destinations, passenger class) are supplied by our global travel agencies. (B) GHG emissions are directly calculated by our relevant rental car companies, covering the main share of Bayer's global rental car travel emissions. (C) Selected rail providers share with Bayer the GHG footprint for our business trips. Data from other rail carriers is only limited/fragmented available so far. For rest of the world we calculated the GHG emissions using the expense share of the railway volume.</p> <p>(ii) Methodologies: The methodology used is based on the GHG Protocol Corporate Value Chain (Scope 3) Accounting and Reporting Standard. We used primary data to the largest extent and only extrapolated if needed. (A) Flight data from travel agencies are imported into the Business Travel Analyzer tool and clustered according to travel distance (domestic, intracontinental, intercontinental) and service class (economy, premium economy, business, first). Miles traveled in each cluster are multiplied by the corresponding DEFRA emission factor. For data consistency reasons, DEFRA factors with RF are used. (B) GHG emissions are directly calculated by the rental car companies. (C) The total emissions are calculated as a sum of emissions provided by the rail providers and an estimation for the rest of world. For the latter, passenger-kilometers are estimated and then multiplied the latest emission factors available from Sphera's GaBi product sustainability database.</p> |
| Employee commuting | Relevant, calculated | 123,000 | <ul style="list-style-type: none"> • Average data method • Distance-based method | 0 | <p>(i) Data sources: Bayer data on total number of employees and employee distribution per region, Bayer data on corporate fleet size, publicly available information on commuting patterns (distance and mode of transport) for Germany and the United States, emission factors from Sphera's latest GaBi product sustainability database.</p> <p>(ii) Methodologies: For two of Bayer's four regions an employee commuting footprint has been calculated, i.e. Europe/Middle East/Africa and North America. For the first using data for Germany and for the second using data from the United States. The remaining two regions are an equally-weighted average of Germany and the United States. Calculation followed the GHG Protocol standard and guidance. To avoid double counting, Bayer deducts from its total number of employees the number of cars from its corporate fleet. The emissions caused from these by Bayer employees are already included in Bayer's reported Scope 1 emissions.</p> |
| Upstream leased assets | Not relevant, explanation provided | n/a | n/a | n/a | <p>Bayer's business model is not based on leasing assets, in line with the definition given by the GHG Protocol's "Corporate Value Chain (Scope 3) Accounting and Reporting Standard" (page 47).</p> |

| | | | | | |
|--|------------------------------------|---------|---|-----|---|
| Downstream transportation and distribution | Not relevant, explanation provided | n/a | n/a | n/a | Bayer does not own or control vehicles or facilities from which sold products are transported or distributed. Hence, following the GHG Protocol's "Technical Guidance for Calculating Scope 3 Emissions (version 1.0)" for this category 9 (Downstream Transportation and Distribution) (page 102), Bayer's outbound transportation and distribution services that are purchased by us are included in category 4 (Upstream transportation and distribution). |
| Processing of sold products | Not relevant, explanation provided | n/a | n/a | n/a | Bayer's business model is not based on selling intermediate products that require processing by third parties. Hence, following the GHG Protocol's "Technical Guidance for Calculating Scope 3 Emissions (version 1.0)" (page 106), this category 10 (Processing of Sold Products) is not relevant for Bayer. In potential exceptional cases where downstream emissions associated with sold intermediate products might occur, these downstream emissions are unknown to Bayer and, following section 6.4 of the GHG Protocol's "Corporate Value Chain (Scope 3) Accounting and Reporting Standard", would be eligible for exclusion (page 60). |
| Use of sold products | Not relevant, explanation provided | n/a | n/a | n/a | Bayer does not report emissions from the use of sold products since this category is currently considered as not relevant for Bayer's Scope 3 inventory. A reevaluation of the category showed that no appropriate calculation methods for our product portfolio are available. This category will be re-evaluated in the future as soon as those methods are available. |
| End of life treatment of sold products | Relevant, calculated | 362,000 | <ul style="list-style-type: none"> Average data method Waste-type-specific method | 0 | <p>To calculate emissions from end-of-life treatment of sold products, only packaging materials are considered. Further potential GHG emissions resulting from our products would be accounted under category 11 (use of sold products), as the products of Bayer's life-science businesses (pharmaceuticals, consumer health products, crop protection products, and seeds) do not undergo a dedicated end-of-life treatment.</p> <p>(i) Data sources: Activity data are taken from the procurement system of Bayer; from this the actual purchased quantities of packaging materials were obtained. Emissions factors are taken from Sphera's latest GaBi product sustainability database, considering material-specific combustion factors.</p> <p>(ii) Methodologies: To calculate emissions from end-of-life treatment of sold packaging materials, packaging materials are clustered, then quantities are multiplied with the emission factors from Sphera's latest GaBi product sustainability database.</p> |
| Downstream leased assets | Not relevant, explanation provided | n/a | n/a | n/a | Scope 3 emissions resulting from downstream leased assets are not reported because this category is not applicable to Bayer. A due-diligence check took place in 2022. |
| Franchises | Not relevant, explanation provided | n/a | n/a | n/a | Scope 3 emissions resulting from franchises are not reported because this category is not applicable to Bayer. A due-diligence check took place in 2022. |

| | | | | | |
|--------------------|---|-----|-----|-----|--|
| Investments | tion provided Not relevant, explanation provided | n/a | n/a | n/a | Scope 3 emissions resulting from investments are not reported because this category is not applicable to Bayer. A due-diligence check took place in 2022. |
| Other (upstream) | n/a | n/a | n/a | n/a | n/a |
| Other (downstream) | n/a | n/a | n/a | n/a | n/a |

Biogenic carbon data

(C6.7) Are carbon dioxide emissions from biogenic carbon relevant to your organization?

- No

Emissions intensities

(C6.10) Describe your gross global combined Scope 1 and 2 emissions for the reporting year in metric tons CO2e per unit currency total revenue and provide any additional intensity metrics that are appropriate to your business operations.

| 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 |
|------------------|--|--------------------|--------------------------------|---------------------|-----------------------------|---------------------|----------------------|----------------|
| Intensity figure | Metric numerator (Gross global combined Scope 1 and 2 emissions, metric tons CO2e) | Metric denominator | Metric denominator: Unit total | Scope 2 figure used | % change from previous year | Direction of change | Reason(s) for change | Please explain |

| | | | | | | | | |
|------------|-----------|---|----------------|--|-----|---|--|--|
| 0.00006347 | 3,030,000 | <ul style="list-style-type: none"> unit total revenue | 47,736,000,000 | <ul style="list-style-type: none"> Market-based | 9.5 | <ul style="list-style-type: none"> Decreased | <ul style="list-style-type: none"> Change in renewable energy consumption Other emissions reduction activities Change in revenue Change in physical operating conditions | <p>In 2022, Bayer's CO2 emissions intensity decreased. In 2022, our total CO2 emissions decreased by approximately 4%. In the same period, Bayer's revenue increased by approximately 6% (currency-adjusted). Therefore, in 2022, Bayer had a decrease of total specific emissions expressed in metric tons CO2e per revenue of approximately 10%.</p> <p>Part of this decrease is due to EMISSION REDUCTION ACTIVITIES. In 2022, emission reduction activities had a positive impact on our emissions performance. Emission reduction activities included e.g. energy efficiency improvements in production processes and in buildings. These activities included e.g. optimizations with regard to heat recovery and effectiveness of steam generation, insulation improvements, reduction of leakage. HVAC optimizations and changing of lighting systems also had an influence. Overall Bayer implemented energy efficiency and emissions reduction projects that resulted in an overall reduction of 200,859 metric tons in CO2 emissions in 2022. The main reason for this decline is the increased share of electricity purchased from renewable sources (Scope 2: from 24.7% in 2021 to 32.6% in 2022). In 2022, we have used more than 1.1 million MWh from renewable sources in the following countries: Spain, Netherlands, Finland, Italy, Romania, Germany, Brazil, Guatemala, Chile, the United States, Switzerland, Colombia and India. We have already signed contracts to further increase our renewables share. By 2029 we want to source 100% electricity from renewable sources.</p> |
| 31.82 | 3,030,000 | <ul style="list-style-type: none"> full time equivalent (FTE) employee | 101,369 | <ul style="list-style-type: none"> Market-based | 6.1 | <ul style="list-style-type: none"> Decreased | <ul style="list-style-type: none"> Change in renewable energy consumption Other emissions reduction initiatives Change in physical operating conditions | <p>In 2022, Bayer's specific emissions expressed in metric tons CO2e per FTE were 29.89. In 2022, our total CO2 emissions decreased by approximately 4%. In the same period Bayer's overall number of FTEs increased by 1.7%. Therefore, in 2022, Bayer had a decrease of total specific emissions expressed in metric tons CO2e per FTE of approximately 6%.</p> <p>Part of this decrease is due to EMISSION REDUCTION ACTIVITIES. In 2022, emission reduction activities had a positive impact on our emissions performance. Emission reduction activities included e.g. energy efficiency improvements in production processes and in buildings. These activities included e.g. optimizations with regard to heat recovery and effectiveness of steam generation, insulation improvements, reduction of leakage. HVAC optimizations and changing of lighting systems also had an influence. Overall Bayer implemented energy efficiency and emissions reduction projects that resulted in an overall reduction of 200,859 metric tons in CO2 emissions in 2022. The main reason for this decline is the increased share of electricity purchased from renewable</p> |

| | | | | | | | | |
|--|--|--|--|--|--|--|--|---|
| | | | | | | | | <p>sources (Scope 2: from 24.7% in 2021 to 32.6% in 2022). In 2022, we have used more than 1.1 million MWh from renewable sources in the following countries: Spain, Netherlands, Finland, Italy, Romania, Germany, Brazil, Guatemala, Chile, the Unites States, Switzerland, Colombia and India. We have already signed contracts to further increase our renewables share. By 2029 we want to source 100% electricity from renewable sources.</p> |
|--|--|--|--|--|--|--|--|---|

[Add row]

C7 Emissions breakdown

Scope 1 breakdown: GHGs

(C7.1) Does your organization break down its Scope 1 emissions by greenhouse gas type?

- Yes

(C7.1a) Break down your total gross global Scope 1 emissions by greenhouse gas type and provide the source of each used global warming potential (GWP).

| 1 | 2 | 3 |
|---|---|--|
| Greenhouse gas | Scope 1 emissions (metric tons in CO2e) | GWP Reference |
| CO2 | 1,854,000 | IPCC Fourth Assessment Report (AR5 - 100 year) |
| CH4 | 3,000 | IPCC Fourth Assessment Report (AR5 - 100 year) |
| N2O | 7,000 | IPCC Fourth Assessment Report (AR5 - 100 year) |
| HFCs | 39,000 | IPCC Fourth Assessment Report (AR5 - 100 year) |
| PFCs | 0 | IPCC Fourth Assessment Report (AR5 - 100 year) |
| SF6 | 0 | IPCC Fourth Assessment Report (AR5 - 100 year) |
| NF3 | 0 | IPCC Fourth Assessment Report (AR5 - 100 year) |
| Other, please specify: CCl3F2, CCl2F2, CHClF2, CH3Cl, CH3Br, CCl4 | 7,000 | IPCC Fourth Assessment Report (AR5 - 100 year) |

[Add row]

Scope 1 breakdown: country/area/region

(C7.2) Break down your total gross global Scope 1 emissions by country/area/region.

| 1 | 2 |
|--------------------------------------|--------------------------------------|
| Country/area/region | Scope 1 emissions (metric tons CO2e) |
| United States of America | 1,183,000 |
| Belgium | 170,000 |
| Germany | 285,000 |
| India | 42,000 |
| Brazil | 81,000 |
| Argentina | 62,000 |
| Mexico | 20,000 |
| France | 11,000 |
| Spain | 10,000 |
| China | 1,000 |
| Other, please specify: Rest of World | 45,000 |

[Add row]

Scope 1 breakdown: business breakdown

(C7.3) Indicate which gross global Scope 1 emissions breakdowns you are able to provide.

- By business division

(C7.3a) Break down your total gross global Scope 1 emissions by business division.

| 1 | 2 |
|-------------------|--------------------------------------|
| Business division | Scope 1 emissions (metric tons CO2e) |
| Pharmaceuticals | 177,000 |

| | |
|---|-----------|
| Consumer Health | 19,000 |
| Crop Science | 1,579,000 |
| Others: Vehicle fleet, enabling functions | 135,000 |

[Add row]

Scope 2 breakdown: country/area/region

(C7.5) Break down your total gross global Scope 2 emissions by country/area/region.

| 1 | 2 | 3 |
|--|--|--|
| Country/area/region | Scope 2, location-based (metric tons CO2e) | Scope 2, market-based (metric tons CO2e) |
| United States of America | 958,000 | 660,000 |
| Germany | 370,000 | 250,000 |
| India | 48,000 | 48,000 |
| Brazil | 22,000 | 15,000 |
| Belgium | 7,000 | 9,000 |
| China | 27,000 | 25,000 |
| Argentina | 19,000 | 18,000 |
| Mexico | 25,000 | 25,000 |
| Spain | 5,000 | 0 |
| France | 2,000 | 1,000 |
| Other, please specify: Rest of the world | 77,000 | 69,000 |

[Add row]

Scope 2 breakdown: business breakdowns

(C7.6) Indicate which gross global Scope 2 emissions breakdowns you are able to provide.

- By business division

(C7.6a) Break down your total gross global Scope 2 emissions by business division.

| 1 | 2 | 3 |
|-------------------|--|--|
| Business division | Scope 2, location-based (metric tons CO2e) | Scope 2, market-based (metric tons CO2e) |
| Pharmaceuticals | 215,000 | 107,000 |
| Consumer Health | 62,000 | 48,000 |
| Crop Science | 1,264,000 | 934,000 |
| Others | 19,000 | 31,000 |

[Add row]

Emissions breakdown by subsidiary

(C7.7) Is your organization able to break down your emissions data for any of the subsidiaries included in your CDP response?

- No

Emissions performance

(C7.9) How do your gross global emissions (Scope 1 and 2 combined) for the reporting year compare to those of the previous reporting year?

- Decreased

***(C7.9a) Identify the reasons for any change in your gross global emissions (Scope 1 and 2 combined), and for each of them specify how your emissions compare to the previous year.**

| 1 | 2 | 3 | 4 | 5 |
|--|--|---|------------------------------|---|
| Reason | Change in emissions (metric tons CO2e) | Direction of change in emissions | Emissions value (percentage) | Please explain calculation |
| Change in renewable energy consumption | 166,908 | <ul style="list-style-type: none"> Decreased | 5.27 | <p>i) Calculation: In 2022, the increase in consumption of renewable energy of 1,304 teraJ (4,120 - 2,816 = 1,304) led to a decrease of approximately 167,000 t CO2e (sum of site-level renewable energy consumption*site-level market-based emission factor). Our total Scope 1 and Scope 2 (market-based) emissions in the previous year were 3,170,000 t CO2e, therefore we arrived at a reduction of 5.27% through $(-167,000 / 3,170,000) * 100 = -5.27\%$.</p> <p>ii) Explanation: In 2021, 39 Bayer sites consumed renewable energy. In 2022, 58 sites consumed renewable energy. This led to a total reduction of 5.27% due to significant increase in renewable energy consumption.</p> |
| Other emissions reduction activities | 33,951 | <ul style="list-style-type: none"> Decreased | 1.07 | <p>i) Calculation: In 2022, approximately 34,000 t CO2e were reduced due to other emissions reduction activities. Our total Scope 1 and Scope 2 (market-based) emissions in the previous year were 3,170,000 t CO2e, therefore we arrived at a reduction of 1.07% through $(-34,000 / 3,170,000) * 100 = -1.07\%$.</p> <p>ii) Explanation: This decrease is due to EMISSION REDUCTION ACTIVITIES. In 2022, emission reduction activities had a positive impact on our emissions performance. Emission reduction activities included e.g. energy efficiency improvements in production processes and in buildings. These activities included e.g. optimizations with regard to heat recovery and effectiveness of steam generation, insulation improvements, reduction of leakage. HVAC optimizations and changing of lighting systems also had an influence.</p> |
| Divestment | 0 | <ul style="list-style-type: none"> No change | 0 | In 2022, no significant divestments were made. |
| Acquisitions | 0 | <ul style="list-style-type: none"> No change | 0 | In 2022, no significant acquisitions were made. |
| Mergers | 0 | <ul style="list-style-type: none"> No change | 0 | In 2022, no significant mergers took place. |
| Change in output | 60,859 | <ul style="list-style-type: none"> Increased | 1.92 | <p>i) Calculation: In 2022, approximately 61,000 t CO2e were increased due to changes in the product mix and volumes of our sales. Our total Scope 1 and Scope 2 (market-based) emissions in the previous year were 3,170,000 t CO2e, therefore we arrived at an increase of 1.92% through $(61,000 / 3,170,000) * 100 = 1.92\%$.</p> <p>ii) Explanation: This increase is due to CHANGES IN THE PRODUCT MIX AND VOLUMES of our sales. Our differentiated product portfolio consists of products with specific CO2e intensities. In 2022, a change in the product mix and volumes of our sales (e.g., volumes of products with higher CO2e intensities) led to an increase of 1.92%.</p> |
| Change in methodology | 0 | <ul style="list-style-type: none"> No change | 0 | In 2022, no changes in methodology. |
| Change in boundary | 0 | <ul style="list-style-type: none"> No change | 0 | In 2022, no changes in boundaries. |

| | | | | |
|---|---|---|---|---|
| Change in physical operating conditions | 0 | <ul style="list-style-type: none"> • No change | 0 | In 2022, no significant changes in physical operating conditions. |
| Unidentified | 0 | <ul style="list-style-type: none"> • No change | 0 | In 2022, no unidentified changes. |
| Other | 0 | <ul style="list-style-type: none"> • No change | 0 | In 2022, no other changes. |

(C7.9b) Are your emissions performance calculations in C7.9 and C7.9a based on a location-based Scope 2 emissions figure or a market-based Scope 2 emissions figure?

- Market-based

C8 Energy

Energy spend

(C8.1) What percentage of your total operational spend in the reporting year was on energy?

- More than 0% but less than or equal to 5%

Energy-related activities

(C8.2) Select which energy-related activities your organization has undertaken.

| 1 | 2 |
|--|---|
| Activity | Indicate whether your organization undertook this energy-related activity in the reporting year |
| Consumption of fuel (excluding feedstocks) | <ul style="list-style-type: none"> • Yes |
| Consumption of purchased or acquired electricity | <ul style="list-style-type: none"> • Yes |
| Consumption of purchased or acquired heat | <ul style="list-style-type: none"> • Yes |
| Consumption of purchased or acquired steam | <ul style="list-style-type: none"> • Yes |
| Consumption of purchased or acquired cooling | <ul style="list-style-type: none"> • Yes |
| Generation of electricity, heat, steam, or cooling | <ul style="list-style-type: none"> • Yes |

(C8.2a) Report your organization's energy consumption totals (excluding feedstocks) in MWh.

| | | | | |
|---|---|---|---|---|
| 1 | 2 | 3 | 4 | 5 |
|---|---|---|---|---|

| Activity | Heating value | MWh from renewable sources | MWh from non-renewable sources | Total (renewable + non-renewable) MWh |
|---|---|----------------------------|--------------------------------|---------------------------------------|
| Consumption of fuel (excluding feedstock) | <ul style="list-style-type: none"> LHV (lower heating value) | 300,000 | 4,569,000 | 4,869,000 |
| Consumption of purchased or acquired electricity | N/A | 1,118,000 | 2,315,000 | 3,433,000 |
| Consumption of purchased or acquired heat | N/A | 0 | 0 | 0 |
| Consumption of purchased or acquired steam | N/A | 25,000 | 1,158,000 | 1,183,000 |
| Consumption of purchased or acquired cooling | N/A | 1,000 | 174,000 | 175,000 |
| Consumption of self-generated non-fuel renewable energy | N/A | 1,000 | N/A | 1,000 |
| Total energy consumption | N/A | 1,445,000 | 8,216,000 | 9,661,000 |

(C8.2b) Select the applications of your organization's consumption of fuel.

| 1 | 2 |
|---|---|
| Fuel application | Indicate whether your organization undertakes this fuel application |
| Consumption of fuel for the generation of electricity | <ul style="list-style-type: none"> Yes |
| Consumption of fuel for the generation of heat | <ul style="list-style-type: none"> Yes |
| Consumption of fuel for the generation of steam | <ul style="list-style-type: none"> Yes |
| Consumption of fuel for the generation of cooling | <ul style="list-style-type: none"> Yes |
| Consumption of fuel for co-generation or tri-generation | <ul style="list-style-type: none"> Yes |

(C8.2c) State how much fuel in MWh your organization has consumed (excluding feedstocks) by fuel type.

| 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 |
|---|---|---|---|---|---|---|---|---|
|---|---|---|---|---|---|---|---|---|

| Fuels (excluding feedstocks) | Heating value | Total fuel MWh consumed by the organization | MWh fuel consumed for self-generation of electricity* | MWh fuel consumed for self-generation of heat* | MWh fuel consumed for self-generation of steam* | MWh fuel consumed for self-generation of cooling* | MWh fuel consumed for self-cogeneration or self-trigeneration* | Comment |
|---|---|---|---|--|---|---|--|---------|
| Sustainable biomass | <ul style="list-style-type: none"> Unable to confirm heating value | 0 | 0 | 0 | 0 | 0 | 0 | n/a |
| Other biomass | <ul style="list-style-type: none"> Unable to confirm heating value | 300,000 | 0 | 0 | 300,000 | 0 | 0 | n/a |
| Other renewable fuels (e.g. renewable hydrogen) | <ul style="list-style-type: none"> Unable to confirm heating value | 0 | 0 | 0 | 0 | 0 | 0 | n/a |
| Coal | <ul style="list-style-type: none"> LHV | 159,000 | 0 | 0 | 159,000 | 0 | 0 | n/a |
| Oil | <ul style="list-style-type: none"> LHV | 158,000 | 1,000 | 124,000 | 20,000 | 0 | 13,000 | n/a |
| Gas | <ul style="list-style-type: none"> LHV | 2,858,000 | 68,000 | 410,000 | 697,000 | 18,000 | 1,665,000 | n/a |
| Other non-renewable fuels (e.g. non-renewable hydrogen) | <ul style="list-style-type: none"> Unable to confirm heating value | 1,394,000 | 8,000 | 1,090,000 | 174,000 | 4,000 | 118,000 | n/a |
| Total fuel | <ul style="list-style-type: none"> Unable to confirm heating value | 4,869,000 | 77,000 | 1,624,000 | 1,350,000 | 22,000 | 1,796,000 | n/a |

(C8.2d) Provide details on the electricity, heat, steam, and cooling your organization has generated and consumed in the reporting year.

| 1 | 2 | 3 | 4 | 5 |
|----------------|------------------------------|---|---|--|
| Energy Carrier | Total Gross generation (MWh) | Generation that is consumed by the organization (MWh) | Gross generation from renewable sources (MWh) | Generation from renewable sources that is consumed by the organization (MWh) |
| Electricity | 150,000 | 121,000 | 1,000 | 1,000 |

| | | | | |
|---------|-----------|-----------|---------|---------|
| Heat | 0 | 0 | 0 | 0 |
| Steam | 2,870,000 | 2,317,000 | 300,000 | 300,000 |
| Cooling | 4,175,000 | 4,167,000 | 0 | 0 |

(C8.2e) Provide details on the electricity, heat, steam, and/or cooling amounts that were accounted for at a zero or near-zero emission factor in the market-based Scope 2 figure reported in C6.3.

| 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 |
|---|--|---|--|---|--|--|---|---|--|
| Country/area of low-carbon energy consumption | Sourcing method | Energy carrier | Low-carbon technology type | Low-carbon energy consumed via selected sourcing method in the reporting year (MWh) | Tracking instrument used | Country/area of origin (generation) of the low-carbon energy or energy attribute | Are you able to report the commissioning or re-powering year of the energy generation facility? | Commissioning year of the energy generation facility (e.g. date of first commercial operation or re-powering) | Comment |
| Netherlands | <ul style="list-style-type: none"> Retail supply contract with an electricity supplier (retail green electricity) | <ul style="list-style-type: none"> Electricity | <ul style="list-style-type: none"> Hydropower (capacity unknown) | 9,600 | <ul style="list-style-type: none"> Contract | Netherlands | <ul style="list-style-type: none"> No | n/a | In 2022, three sites purchased low-carbon electricity. |
| Spain | <ul style="list-style-type: none"> Retail supply contract with an electricity supplier (retail green electricity) | <ul style="list-style-type: none"> Electricity | <ul style="list-style-type: none"> Renewable energy mix, please specify: Renewable energy | 31,800 | <ul style="list-style-type: none"> Contract | Spain | <ul style="list-style-type: none"> Yes | 2022 | In 2022, six sites purchased low-carbon electricity. |
| Finland | <ul style="list-style-type: none"> Unbundled procurement of energy attribute certificates (EACs) | <ul style="list-style-type: none"> Electricity | <ul style="list-style-type: none"> Hydropower (capacity unknown) | 14,100 | <ul style="list-style-type: none"> GO | Finland | <ul style="list-style-type: none"> No | n/a | In 2022, one site purchased low-carbon electricity. |
| Italy | <ul style="list-style-type: none"> Retail supply contract with an electricity supplier (retail green electricity) | <ul style="list-style-type: none"> Electricity | <ul style="list-style-type: none"> Hydropower (capacity unknown) | 24,700 | <ul style="list-style-type: none"> Contract | Italy | <ul style="list-style-type: none"> No | n/a | In 2022, one site purchased low-carbon electricity. |

| | | | | | | | | | |
|--------------------------|--|---|---|---------|--|--------------------------|---|------|--|
| Finland | <ul style="list-style-type: none"> Other, please specify: Certificates from energy provider | <ul style="list-style-type: none"> Steam | <ul style="list-style-type: none"> Renewable energy mix, please specify: Hydropower, Wind, Solar | 25,500 | <ul style="list-style-type: none"> Contract | Finland | <ul style="list-style-type: none"> No | n/a | In 2022, one site purchased low-carbon steam and heat. |
| Romania | <ul style="list-style-type: none"> Retail supply contract with an electricity supplier (retail green electricity) | <ul style="list-style-type: none"> Electricity | <ul style="list-style-type: none"> Renewable energy mix, please specify: Renewable energy | 3,200 | <ul style="list-style-type: none"> Contract | Romania | <ul style="list-style-type: none"> No | n/a | In 2022, one site purchased low-carbon electricity. |
| Germany | <ul style="list-style-type: none"> Physical power purchase agreement (physical PPA) with a grid-connected generator | <ul style="list-style-type: none"> Electricity | <ul style="list-style-type: none"> Renewable energy mix, please specify: Wind and Hydropower | 102,400 | <ul style="list-style-type: none"> Contract | Germany | <ul style="list-style-type: none"> No | n/a | In 2022, seven sites purchased low-carbon electricity. |
| Brazil | <ul style="list-style-type: none"> Unbundled procurement of energy attribute certificates (EACs) | <ul style="list-style-type: none"> Electricity | <ul style="list-style-type: none"> Hydropower (capacity unknown) | 103,000 | <ul style="list-style-type: none"> I-REC | Brazil | <ul style="list-style-type: none"> Yes | 2018 | In 2022, seven sites purchased low-carbon electricity. |
| Guatemala | <ul style="list-style-type: none"> Retail supply contract with an electricity supplier (retail green electricity) | <ul style="list-style-type: none"> Electricity | <ul style="list-style-type: none"> Hydropower (capacity unknown) | 8,200 | <ul style="list-style-type: none"> Contract | Guatemala | <ul style="list-style-type: none"> No | n/a | In 2022, three sites purchased low-carbon electricity. |
| Chile | <ul style="list-style-type: none"> Retail supply contract with an electricity supplier (retail green electricity) | <ul style="list-style-type: none"> Electricity | <ul style="list-style-type: none"> Hydropower (capacity unknown) | 3,600 | <ul style="list-style-type: none"> Contract | Chile | <ul style="list-style-type: none"> No | n/a | In 2022, four sites purchased low-carbon electricity. |
| United States of America | <ul style="list-style-type: none"> Retail supply contract with an electricity supplier (retail green electricity) | <ul style="list-style-type: none"> Electricity | <ul style="list-style-type: none"> Renewable energy mix, please specify: Wind, Hydropower, Solar | 739,700 | <ul style="list-style-type: none"> US-REC | United States of America | <ul style="list-style-type: none"> Yes | 2017 | In 2022, eight sites purchased low-carbon electricity. |

| | | | | | | | | | |
|----------------------------|--|---|---|--------|--|----------------------------|---|------|--|
| Switzerland | <ul style="list-style-type: none"> Retail supply contract with an electricity supplier (retail green electricity) | <ul style="list-style-type: none"> Electricity | <ul style="list-style-type: none"> Renewable energy mix, please specify: Wind, Hydropower, Solar | 16,700 | <ul style="list-style-type: none"> Contract | Switzerland | <ul style="list-style-type: none"> No | n/a | In 2022, one site purchased low-carbon electricity. |
| Colombia | <ul style="list-style-type: none"> Retail supply contract with an electricity supplier (retail green electricity) | <ul style="list-style-type: none"> Electricity | <ul style="list-style-type: none"> Hydropower (capacity unknown) | 3,600 | <ul style="list-style-type: none"> Contract | Colombia | <ul style="list-style-type: none"> No | n/a | In 2022, one site purchased low-carbon electricity. |
| Turkey | <ul style="list-style-type: none"> Unbundled procurement of energy attribute certificates (EACs) | <ul style="list-style-type: none"> Electricity | <ul style="list-style-type: none"> Solar | 3,500 | <ul style="list-style-type: none"> I-REC | Turkey | <ul style="list-style-type: none"> Yes | 2020 | In 2022, one site purchased low-carbon electricity. |
| Costa Rica | <ul style="list-style-type: none"> Retail supply contract with an electricity supplier (retail green electricity) | <ul style="list-style-type: none"> Electricity | <ul style="list-style-type: none"> Renewable energy mix, please specify: Hydropower, Wind, Solar | 3,400 | <ul style="list-style-type: none"> Contract | Costa Rica | <ul style="list-style-type: none"> No | n/a | In 2022, one site purchased low-carbon electricity. |
| People's Republic of China | <ul style="list-style-type: none"> Retail supply contract with an electricity supplier (retail green electricity) | <ul style="list-style-type: none"> Electricity | <ul style="list-style-type: none"> Renewable energy mix, please specify: Hydropower, Wind, Solar | 7,800 | <ul style="list-style-type: none"> Contract | People's Republic of China | <ul style="list-style-type: none"> No | n/a | In 2022, one site purchased low-carbon electricity. |
| France | <ul style="list-style-type: none"> Retail supply contract with an electricity supplier (retail green electricity) | <ul style="list-style-type: none"> Electricity | <ul style="list-style-type: none"> Renewable energy mix, please specify: Hydropower, Wind, Solar | 39,600 | <ul style="list-style-type: none"> Contract | France | <ul style="list-style-type: none"> No | n/a | In 2022, eight sites purchased low-carbon electricity. |
| Costa Rica | <ul style="list-style-type: none"> Heat/steam/cooling supply agreement | <ul style="list-style-type: none"> Cooling | <ul style="list-style-type: none"> Renewable energy mix, please specify: Hydropower | 1,300 | <ul style="list-style-type: none"> Contract | Costa Rica | <ul style="list-style-type: none"> No | n/a | In 2022, one site purchased low-carbon cooling. |

| | | | | | | | | | |
|-----------|--|---|---|-------|--|-----------|--|-----|---|
| | | | , Wind, Solar | | | | | | |
| Argentina | <ul style="list-style-type: none"> Retail supply contract with an electricity supplier (retail green electricity) | <ul style="list-style-type: none"> Electricity | <ul style="list-style-type: none"> Renewable energy mix, please specify: Hydropower, Wind, Solar | 4,000 | <ul style="list-style-type: none"> Contract | Argentina | <ul style="list-style-type: none"> No | n/a | In 2022, one site purchased low-carbon electricity. |

[Add row]

(C8.2g) Provide a breakdown by country/area of your non-fuel energy consumption in the reporting year.

| 1 | 2 | 3 | 5 | 6 | 7 |
|--------------------------|--|---|---|--|---|
| Country/area | Consumption of purchased electricity (MWh) | Consumption of self-generated electricity (MWh) | Consumption of purchased heat, steam, and cooling (MWh) | Consumption of self-generated heat, steam, and cooling (MWh) | Total non-fuel energy consumption (MWh) [Auto-calculated] |
| Netherlands | 9,600 | 6,600 | 100 | 0 | 16,300 |
| Spain | 31,800 | 0 | 0 | 37,800 | 69,600 |
| Italy | 16,300 | 0 | 200 | 15,300 | 31,800 |
| Finland | 24,700 | 0 | 29,100 | 0 | 53,800 |
| Romania | 7,600 | 0 | 0 | 0 | 7,600 |
| Germany | 434,500 | 89,200 | 617,000 | 492,300 | 1,633,000 |
| Brazil | 177,900 | 0 | 59,700 | 412,800 | 650,400 |
| Guatemala | 9,900 | 0 | 0 | 6,300 | 16,200 |
| Chile | 3,900 | 0 | 0 | 0 | 3,900 |
| United States of America | 2,306,400 | 0 | 540,500 | 4,784,800 | 7,631,700 |
| Switzerland | 16,700 | 0 | 90,100 | 19,800 | 126,600 |
| Colombia | 3,600 | 0 | 0 | 0 | 3,600 |
| India | 69,000 | 400 | 0 | 157,000 | 226,400 |

| | | | | | |
|--------------------------------------|---------|--------|--------|---------|---------|
| Other, please specify: Rest of World | 321,100 | 24,800 | 21,300 | 557,900 | 925,100 |
|--------------------------------------|---------|--------|--------|---------|---------|

[Add row]

C9 Additional metrics

Other climate-related metrics

(C9.1) Provide any additional climate-related metrics relevant to your business.

| 1 | 2 | 3 | 4 | 5 | 6 | 7 |
|--|--------------|------------------|--|-----------------------------|---|---|
| Description | Metric value | Metric numerator | Metric denominator (intensity metric only) | % change from previous year | Direction of change | Please explain |
| <ul style="list-style-type: none"> Waste | 1,038,000 | tons | n/a | 4% | <ul style="list-style-type: none"> Increased | The total volume of waste generated rose by 3.7% in 2022 compared to 2021. This was mainly attributable to production being increased at several sites in North and Latin America and larger volumes therefore being disposed of. |
| <ul style="list-style-type: none"> Other, please specify: Waste used for conversion into energy | 133,500 | MWh | n/a | 4% | <ul style="list-style-type: none"> Decreased | Waste used for conversion into energy slightly declined by 4% compared to 2021, but is considered to remain on a stable level. |

[Add row]

C10 Verification

Verification

(C10.1) Indicate the verification/assurance status that applies to your reported emissions.

| 1 | 2 |
|--|--|
| Scope | Verification/assurance status |
| Scope 1 | <ul style="list-style-type: none"> • Third-party verification or assurance process in place |
| Scope 2 (location-based or market-based) | <ul style="list-style-type: none"> • Third-party verification or assurance process in place |
| Scope 3 | <ul style="list-style-type: none"> • Third-party verification or assurance process in place |

(C10.1a) Provide further details of the verification/assurance undertaken for your Scope 1 emissions and attach the relevant statements.

| 1 | 2 | 3 | 4 | 5 | 6 | 7 |
|--|--|--|----------------------------------|---|--|--|
| Verification or assurance cycle in place | Status in the current reporting year | Type of verification or assurance | Attach the statement | Page/section reference | Relevant standard | Proportion of reported emissions verified (%) |
| <ul style="list-style-type: none"> • Annual process | <ul style="list-style-type: none"> • Complete | <ul style="list-style-type: none"> • Limited assurance | Bayer Sustainability Report 2022 | Bayer Sustainability Report 2022: Independent Auditor's Report on a Limited Assurance: p. 134f; Assured Scope 1 emissions on p. 107: 7.4 Greenhouse Gas Emissions | <ul style="list-style-type: none"> • ISAE3000 | 100 |
| <ul style="list-style-type: none"> • Annual process | <ul style="list-style-type: none"> • Complete | <ul style="list-style-type: none"> • Reasonable assurance | Bayer Annual Report 2022 | Bayer Annual Report 2022: Independent Auditor's Report on Reasonable Assurance: p. 237ff; Assured Scope 1 emissions on p. 80: 1.7 Environmental Protection and Safety | <ul style="list-style-type: none"> • Other, please specify: §317 HGB and EU Audit Regulation No. 537/2014 "EU Audit Regulation" | 100 |

[Add row]

(C10.1b) Provide further details of the verification/assurance undertaken for your Scope 2 emissions and attach the relevant statements.

| 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 |
|--|--|--|--|----------------------------------|--|--|---|
| Scope 2 approach | Verification or assurance cycle in place | Status in the current reporting year | Type of verification or assurance | Attach the statement | Page/ section reference | Relevant standard | Proportion of reported emissions verified (%) |
| <ul style="list-style-type: none"> • Scope 2 location-based | <ul style="list-style-type: none"> • Annual process | <ul style="list-style-type: none"> • Complete | <ul style="list-style-type: none"> • Limited assurance | Bayer Sustainability Report 2022 | Bayer Sustainability Report 2022: Independent Auditor's Report on a Limited Assurance: p. 134f; Assured Scope 2 location-based emissions p. 107: 7.4 Greenhouse Gas Emissions | <ul style="list-style-type: none"> • ISAE3000 | 100 |
| <ul style="list-style-type: none"> • Scope 2 market-based | <ul style="list-style-type: none"> • Annual process | <ul style="list-style-type: none"> • Complete | <ul style="list-style-type: none"> • Limited assurance | Bayer Sustainability Report 2022 | Bayer Sustainability Report 2022: Independent Auditor's Report on a Limited Assurance: p. 134f; Assured Scope 2 market-based emissions p. 107: 7.4 Greenhouse Gas Emissions | <ul style="list-style-type: none"> • ISAE3000 | 100 |
| <ul style="list-style-type: none"> • Scope 2 market-based | <ul style="list-style-type: none"> • Annual process | <ul style="list-style-type: none"> • Complete | <ul style="list-style-type: none"> • Reasonable assurance | Bayer Annual Report 2022 | Bayer Annual Report 2022: Independent Auditor's Report on Reasonable Assurance: p. 237ff; Assured Scope 2 market-based emissions on p. 80: 1.7 Environmental Protection and Safety | <ul style="list-style-type: none"> • Other, please specify: §317 HGB and EU Audit Regulation No. 537/2014 "EU Audit Regulation" | 100 |

[Add row]

(C10.1c) Provide further details of the verification/assurance undertaken for your Scope 3 emissions and attach the relevant statements.

| 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 |
|--|--|--|---|----------------------------------|--|---|---|
| Scope 3 category | Verification or assurance cycle in place | Status in the current reporting year | Type of verification or assurance | Attach the statement | Page/ section reference | Relevant standard | Proportion of reported emissions verified (%) |
| <ul style="list-style-type: none"> • Scope 3: Purchased goods and services • Scope 3: Capital goods • Scope 3: Fuel and energy-related activities (not included in Scopes 1 or 2) • Scope 3: Upstream transportation and distribution • Scope 3: Waste generated in operations • Scope 3: Business travel • Scope 3: Employee commuting | <ul style="list-style-type: none"> • Annual process | <ul style="list-style-type: none"> • Complete | <ul style="list-style-type: none"> • Limited assurance | Bayer Sustainability Report 2022 | Bayer Sustainability Report 2022: Independent Auditor's Report on a Limited Assurance: p. 134f; Assured Scope 3 emissions p. 108: 7.4 Greenhouse Gas Emissions | <ul style="list-style-type: none"> • ISAE 3000 | 100 |

| | | | | | | | |
|--|--|--|---|--------------------------|--|---|-----|
| <ul style="list-style-type: none"> • Scope 3: End-of-life treatment of sold products • Scope 3: Purchased goods and services • Scope 3: Capital goods • Scope 3: Fuel and energy-related activities (not included in Scopes 1 or 2) • Scope 3: Upstream transportation and distribution • Scope 3: Waste generated in operations • Scope 3: Business travel • Scope 3: Employee commuting • Scope 3: End-of-life treatment of sold products | <ul style="list-style-type: none"> • Annual process | <ul style="list-style-type: none"> • Complete | <ul style="list-style-type: none"> • Limited assurance | Bayer Annual Report 2022 | Bayer Annual Report 2022: "Limited Assurance Report of the Independent Auditor on the Group's Supplemental Non-Financial Reporting in the Combined Management Report": p. 247ff.; Assured Scope 3 emissions on page 80: "Scope 3: Indirect emissions from our upstream and downstream value chains (by materiality)" 1.7 Environmental Protection and Safety | <ul style="list-style-type: none"> • ISAE 3000 | 100 |
|--|--|--|---|--------------------------|--|---|-----|

[Add row]

Other verified data

(C10.2) Do you verify any climate-related information reported in your CDP disclosure other than the emissions figures reported in C6.1, C6.3, and C6.5?

- Yes

(C10.2a) Which data points within your CDP disclosure have been verified, and which verification standards were used?

| 1 | 2 | 3 | 4 |
|--|--|-----------------------|--|
| Disclosure module verification relates to | Data verified | Verification standard | Please explain |
| <ul style="list-style-type: none"> • C6. Emissions data | <ul style="list-style-type: none"> • Year on year change in emissions (Scope 1 and 2) | Reasonable assurance | Year on year changes in Scope 1 and 2 emissions are described within the Sustainability Report and the Annual Report. The Sustainability Report is verified with a limited assurance by Deloitte. The Annual Report is verified with a reasonable assurance. Thus, year on year changes in emissions are included in the verification processes of both reports. |
| <ul style="list-style-type: none"> • C6. Emissions data | <ul style="list-style-type: none"> • Year on year change in emissions (Scope 3) | Limited assurance | Year on year changes in Scope 3 emissions are described within the Sustainability Report and the Annual Report. Year on year changes in emissions are included in the verification process of the Sustainability Report with a limited assurance. |

| | | | |
|--|--|----------------------|--|
| <ul style="list-style-type: none"> • C6. Emissions data | <ul style="list-style-type: none"> • Year on year emissions intensity figure | Limited assurance | Specific GHG emissions (emissions intensity) for the current and the previous reporting year are described within the Sustainability Report, which is verified with a limited assurance by Deloitte. Thus, they are included in the verification process. |
| <ul style="list-style-type: none"> • C8. Energy | <ul style="list-style-type: none"> • Energy consumption | Reasonable assurance | Energy consumption and energy efficiency for the current and the previous reporting year are described within the Sustainability Report and the Annual Report. The Sustainability Report is verified with a limited assurance by Deloitte. The Annual Report is verified with a reasonable assurance. Thus, they are included in the verification processes of both reports. |
| <ul style="list-style-type: none"> • C12. Engagement | <ul style="list-style-type: none"> • Other, please specify: Supplier Management | Reasonable assurance | Details on sustainability in the supply chain (e.g. the sustainability requirements defined in the Supplier Code of Conduct) are described within the Sustainability Report and the Annual Report. The Sustainability Report is verified with a limited assurance by Deloitte. The Annual Report is verified with a reasonable assurance. Thus, they are included in the verification processes of both reports. |

[Add row]

C11 Carbon pricing

Carbon pricing systems

(C11.1) Are any of your operations or activities regulated by a carbon pricing system (i.e. ETS, Cap & Trade or Carbon Tax)?

- Yes

(C11.1a) Select the carbon pricing regulation(s) which impacts your operations.

- EU ETS

(C11.1b) Complete the following table for each of the emissions trading schemes you are regulated by.

| 1 | 2 | 3 | 4 | 5 | |
|----------------------|---|--|--|---|---------|
| System name | % of Scope 1 emissions covered by the ETS | % of Scope 2 emissions covered by the ETS | Period start date | Period end date | |
| EU ETS | 15 | 0 | 01/01/2022 | 12/31/2022 | |
| 6 | 7 | 8 | 9 | 10 | 11 |
| Allowances allocated | Allowances purchased | Verified Scope 1 emissions in metric tons CO2e | Verified Scope 2 emissions in metric tons CO2e | Details of ownership | Comment |
| 50,600 | 309,000 | 285,600 | 0 | <ul style="list-style-type: none"> • Facilities we own and operate | n/a |

(C11.1d) What is your strategy for complying with the systems you are regulated by or anticipate being regulated by?

STRATEGY FOR COMPLYING WITH THE REGULATIONS:

Bayer's strategy to make sure we comply with the EU ETS is to keep sufficient allowances. Additional allowances will be bought if our own allowances do not meet the needs under regulatory national calculation. FOR EXAMPLE, we appraise our situation in terms of allowances for each year. We match our expected requirements of allowances against our expected apportionment and our sizeable buffer to decide whether there is a need to buy additional allowances.

Furthermore, Bayer has introduced an ambitious GHG emission reduction strategy. Our ambitious GHG reduction plan helps to comply with the EU ETS and to manage risks that arise from this scheme and potential future emission cap-and-trade systems.

APPLICATION OF THE STRATEGY:

As written above, in the light of the EU ETS Bayer set ambitious reduction plans and targets to secure our ongoing compliance. Starting in 2007 with the Bayer Climate Program. This was a game changer to bundle our expertise in providing climate change mitigation and adaptation solutions, to improve our CO2 footprint and to increase awareness of climate change issues. Company-wide communication and implementation has fostered broad resource efficiency initiatives. Despite significantly expanding production, we reduced our absolute GHG emissions significantly between 1990 and 2015 by more than 20%. Setting GHG EMISSION REDUCTION TARGETS and driving initiatives to achieve them have become an integral part of Bayer's sustainability strategy.

After already achieving our 2020 targets in 2019, we JOINED THE SCIENCE BASED TARGETS INITIATIVE. We committed to ambitious emissions reduction targets which were approved through the Science Based Targets initiative (SBTi) by setting a science-based target in line with a 1.5°C future. We aim to make our own production sites climate-neutral by 2030 and therefore developed a net zero roadmap to achieve our ambitious climate targets. This roadmap comprises various measures in the areas of energy & efficiency, governance and offsetting. To implement our long-term climate strategy, our focus lies on reducing the greenhouse gas emissions associated with our operations and on the resilience of our business fields. To achieve an absolute reduction in our remaining emissions, we intend to invest EUR 500 million through 2030 in renewable energies and in increasing the energy efficiency of our facilities and buildings. We are investing in process innovations, more efficient facilities and building technology, as well as in the implementation and optimization of energy management systems, particularly at our production sites. Furthermore we are aligning our capital expenditures to our goal of achieving net zero greenhouse gas emissions by 2050. This is in line with the international goal of limiting global warming to 1.5°C. To drive this transition, we have established an internal CO2 price of EUR 100 per metric ton of CO2 for the calculation of our capital expenditure projects. In line with this, Bayer has developed and set itself the targets to reduce absolute Scope 1 and Scope 2 GHG emissions by 42 % by 2029 from a 2019 base year and to reduce absolute Scope 3 GHG emissions from purchased goods and services, capital goods, fuel and energy related activities, upstream transportation & distribution, and business travel by 12.3 % by the end of 2029 from a 2019 base year. These targets aim to keep Bayer's emissions from Scope 1 and 2 in line with a global temperature raise below 1.5°C and its emissions from Scope 3 in line with a global temperature raise below 2°C.

These targets reflect our contribution to climate protection and support our strategy for complying with the EU ETS.

Project-based carbon credits

(C11.2) Has your organization canceled any project-based carbon credits within the reporting year?

- Yes

(C11.2a) Provide details of the project-based carbon credits canceled by your organization in the reporting year.

| | | | | | | |
|---|---|---|---|---|---|---|
| 1 | 2 | 3 | 4 | 5 | 6 | 7 |
|---|---|---|---|---|---|---|

| Project type | Type of mitigation activity | Project description | Credits canceled by your organization from this project in the reporting year (metric tons CO2e) | Purpose of cancellation | Are you able to report the vintage of the credits at cancellation? | Vintage of credits at cancellation* |
|---|--|--|--|--|---|-------------------------------------|
| <ul style="list-style-type: none"> Afforestation | <ul style="list-style-type: none"> Carbon Removal | <p>Large-scale REDD+ project with an initial project area of 943,676 ha. A second project instance was added in 2021, comprising 92,990 ha, bringing the total project area to 1,036,636 ha. It is being implemented on communal land in 12 chiefdoms falling within Game Management Areas (GMA) and two private ranches. Implementation is in partnership with the traditional authorities and the government of the Republic of Zambia. The project will generate emissions reductions through avoided deforestation, using the following mitigation activities: a combination of direct conservation support (forest monitoring and encroachment prevention) engagement and capacity building with key Government and community stakeholders, and conservation incentives for the area protected: including performance-based payments delivered to empowered community stakeholders, through local institutions, and support to deforestation mitigation activities, including sustainable, improved livelihoods activities.</p> | 15,000 | <ul style="list-style-type: none"> Voluntary offsetting | <ul style="list-style-type: none"> Yes | 2016 |
| 8 | 9 | 10 | 11 | 12 | 13 | 14 |
| Were these credits issued to or purchased by your organization? | Credits issued by which carbon-crediting program | Method(s) the program uses to assess additionality for this project | Approach(es) by which the selected program requires this project to address reversal risk | Potential sources of leakage the selected program requires this project to have assessed | Provide details of other issues the selected program requires projects to address | Comment |
| <ul style="list-style-type: none"> Purchased | <ul style="list-style-type: none"> VCS (Verified Carbon Standard) | <ul style="list-style-type: none"> Consideration of legal requirements Investment analysis Barrier analysis | <ul style="list-style-type: none"> Monitoring and compensation | <ul style="list-style-type: none"> Activity Shifting | <p>VCS quality assurance principles ensure that projects are:</p> <p>Additional: Projects must exceed the likeliest "business-as-usual" scenario and demonstrate that GHG emission reductions or removals would not occur without revenue from the sale of VCUs.</p> <p>Real and measurable: Projects must apply an approved methodology to ensure net GHG emission reductions or removals which must have already taken place, and are measurable.</p> <p>Conservative: Projects must use conservative assumptions, values and procedures to ensure emission reductions are not overstated.</p> <p>Permanent: Projects in the Agriculture, Forestry, and Other Land Use (AFOLU) sector must ensure GHG removals are not lost due to unforeseen events such as fire or disease.</p> <p>Independently Verified: Projects must contract an approved validation/verification body (VVB) to confirm</p> | n/a |

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|--|--|--|--|--|--|--|
| | | | | | that the project design meets VCS criteria and that all GHG emission reductions or removals are quantified according to VCS requirements. Uniquely numbered and transparently listed: Projects must register with the Verra Registry operator to ensure each VCU is assigned a unique serial number and listed on the Verra Registry. | |
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| 1 | 2 | 3 | 4 | 5 | 6 | 7 |
|--|---|--|--|--|--|-------------------------------------|
| Project type | Type of mitigation activity | Project description | Credits canceled by your organization from this project in the reporting year (metric tons CO2e) | Purpose of cancellation | Are you able to report the vintage of the credits at cancellation? | Vintage of credits at cancellation* |
| <ul style="list-style-type: none"> Forest ecosystem restoration | <ul style="list-style-type: none"> Emissions Reduction | The REDD+ Project has the purpose of promoting forest conservation and reducing potential greenhouse gas emissions (GHG) based on a model of local economic development that values the "standing forest" through the integration of Sustainable Forest Management activities and the commercialization of environmental services. There is a very important role in this region as it serves as a home for many rural families and as an ecological corridor, with several Conservation Units (CUs) in its vicinity. It has a very rich biodiversity; its vegetation includes ten forest and non-forest formations and species of extreme ecological and social importance. | 50,000 | <ul style="list-style-type: none"> Voluntary offsetting | <ul style="list-style-type: none"> Yes | 2017 |

| 8 | 9 | 10 | 11 | 12 | 13 | 14 |
|---|--|--|---|--|---|---------|
| Were these credits issued to or purchased by your organization? | Credits issued by which carbon-crediting program | Method(s) the program uses to assess additionality for this project | Approach(es) by which the selected program requires this project to address reversal risk | Potential sources of leakage the selected program requires this project to have assessed | Provide details of other issues the selected program requires projects to address | Comment |
| <ul style="list-style-type: none"> Purchased | <ul style="list-style-type: none"> VCS (Verified Carbon Standard) | <ul style="list-style-type: none"> Consideration of legal requirements Investment analysis Barrier analysis | <ul style="list-style-type: none"> Monitoring and compensation | <ul style="list-style-type: none"> Activity Shifting | VCS quality assurance principles ensure that projects are: Additional: Projects must exceed the likeliest "business-as-usual" scenario and demonstrate that GHG emission reductions or removals would not occur without revenue from the sale of VCUs. Real and measurable: Projects must apply an approved methodology to ensure net GHG emission reductions or removals which must have already taken place, and are measurable. Conservative: Projects must use conservative assumptions, values and procedures to ensure emission reductions are not overstated. | n/a |

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| | | | | | <p>Permanent: Projects in the Agriculture, Forestry, and Other Land Use (AFOLU) sector must ensure GHG removals are not lost due to unforeseen events such as fire or disease.</p> <p>Independently Verified: Projects must contract an approved validation/verification body (VVB) to confirm that the project design meets VCS criteria and that all GHG emission reductions or removals are quantified according to VCS requirements.</p> <p>Uniquely numbered and transparently listed: Projects must register with the Verra Registry operator to ensure each VCU is assigned a unique serial number and listed on the Verra Registry.</p> | |
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| 1 | 2 | 3 | 4 | 5 | 6 | 7 |
|--|--|---|--|--|--|-------------------------------------|
| Project type | Type of mitigation activity | Project description | Credits canceled by your organization from this project in the reporting year (metric tons CO2e) | Purpose of cancellation | Are you able to report the vintage of the credits at cancellation? | Vintage of credits at cancellation* |
| <ul style="list-style-type: none"> Forest ecosystem restoration | <ul style="list-style-type: none"> Emissions Reduction | <p>The REDD+ Project generates carbon credits from reduced emissions associated with deforestation over 30 years. The reduction in deforestation “will be achieved through a series of activities that are designed to significantly improve the livelihoods of locals, such as improved agriculture, beekeeping, fuelwood plantations and fire management. In addition, a significant share of the project’s carbon income will be invested in general activities that promote and guarantee project sustainability. The project’s Community and Project Sustainability Fund is structured to benefit whole communities, specifically the poorest members of society. The fund will be used to improve health and education in the project area with its long-term activities.</p> | 150,000 | <ul style="list-style-type: none"> Voluntary offsetting | <ul style="list-style-type: none"> Yes | 2016 |
| 8 | 9 | 10 | 11 | 12 | 13 | 14 |
| Were these credits issued to or purchased by your organization? | Credits issued by which carbon-crediting program | Method(s) the program uses to assess additionality for this project | Approach(es) by which the selected program requires this project to address reversal risk | Potential sources of leakage the selected program requires this project to have assessed | Provide details of other issues the selected program requires projects to address | Comment |
| <ul style="list-style-type: none"> Purchased | <ul style="list-style-type: none"> VCS (Verified Carbon Standard) | <ul style="list-style-type: none"> Consideration of legal requirements Investment analysis Barrier analysis | <ul style="list-style-type: none"> Monitoring and compensation | <ul style="list-style-type: none"> Activity Shifting | <p>VCS quality assurance principles ensure that projects are:</p> <p>Additional: Projects must exceed the likeliest “business-as-usual” scenario and demonstrate that GHG emission</p> | n/a |

| | | | | | | |
|--|--|--|--|--|--|--|
| | | | | | <p>reductions or removals would not occur without revenue from the sale of VCUs.</p> <p>Real and measurable: Projects must apply an approved methodology to ensure net GHG emission reductions or removals which must have already taken place, and are measurable.</p> <p>Conservative: Projects must use conservative assumptions, values and procedures to ensure emission reductions are not overstated.</p> <p>Permanent: Projects in the Agriculture, Forestry, and Other Land Use (AFOLU) sector must ensure GHG removals are not lost due to unforeseen events such as fire or disease.</p> <p>Independently Verified: Projects must contract an approved validation/verification body (VVB) to confirm that the project design meets VCS criteria and that all GHG emission reductions or removals are quantified according to VCS requirements.</p> <p>Uniquely numbered and transparently listed: Projects must register with the Verra Registry operator to ensure each VCU is assigned a unique serial number and listed on the Verra Registry.</p> | |
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| 1 | 2 | 3 | 4 | 5 | 6 | 7 |
|---|--|--|--|--|---|-------------------------------------|
| Project type | Type of mitigation activity | Project description | Credits canceled by your organization from this project in the reporting year (metric tons CO2e) | Purpose of cancellation | Are you able to report the vintage of the credits at cancellation? | Vintage of credits at cancellation* |
| <ul style="list-style-type: none"> Afforestation | <ul style="list-style-type: none"> Carbon Removal | The project comprises a total of 5,377 ha of land previously under extensive grazing by beef cattle, on which afforestation for obtaining high-value, long-lived timber products and for sequestering large amounts of carbon dioxide from the atmosphere will be established. | 20,000 | <ul style="list-style-type: none"> Voluntary offsetting | <ul style="list-style-type: none"> Yes | 2017 |
| 8 | 9 | 10 | 11 | 12 | 13 | 14 |
| Were these credits issued to or purchased by your organization? | Credits issued by which carbon-crediting program | Method(s) the program uses to assess additionality for this project | Approach(es) by which the selected program requires this project to address reversal risk | Potential sources of leakage the selected program requires this project to have assessed | Provide details of other issues the selected program requires projects to address | Comment |
| <ul style="list-style-type: none"> Purchased | <ul style="list-style-type: none"> VCS (Verified Carbon Standard) | <ul style="list-style-type: none"> Consideration of legal requirements | <ul style="list-style-type: none"> Monitoring and compensation | <ul style="list-style-type: none"> Activity Shifting | VCS quality assurance principles ensure that projects are: | n/a |

| | | | | | | |
|--|--|---|--|--|--|--|
| | | <ul style="list-style-type: none"> Investment analysis Barrier analysis | | | <p>Additional: Projects must exceed the likeliest “business-as-usual” scenario and demonstrate that GHG emission reductions or removals would not occur without revenue from the sale of VCUs.</p> <p>Real and measurable: Projects must apply an approved methodology to ensure net GHG emission reductions or removals which must have already taken place, and are measurable.</p> <p>Conservative: Projects must use conservative assumptions, values and procedures to ensure emission reductions are not overstated.</p> <p>Permanent: Projects in the Agriculture, Forestry, and Other Land Use (AFOLU) sector must ensure GHG removals are not lost due to unforeseen events such as fire or disease.</p> <p>Independently Verified: Projects must contract an approved validation/verification body (VVB) to confirm that the project design meets VCS criteria and that all GHG emission reductions or removals are quantified according to VCS requirements.</p> <p>Uniquely numbered and transparently listed: Projects must register with the Verra Registry operator to ensure each VCU is assigned a unique serial number and listed on the Verra Registry.</p> | |
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| Project type | Type of mitigation activity | Project description | Credits canceled by your organization from this project in the reporting year (metric tons CO2e) | Purpose of cancellation | Are you able to report the vintage of the credits at cancellation? | Vintage of credits at cancellation* |
| <ul style="list-style-type: none"> Forest ecosystem restoration | <ul style="list-style-type: none"> Emissions Reduction | REDD Project to stop deforestation within private parcels amounting to 135, 105 Ha at the edge of the deforestation frontier. The project will generate multiple climate, social, and biodiversity benefits. | 85,000 | <ul style="list-style-type: none"> Voluntary offsetting | <ul style="list-style-type: none"> Yes | 2016 |
| 8 | 9 | 10 | 11 | 12 | 13 | 14 |
| Were these credits issued to or purchased by your organization? | Credits issued by which carbon-crediting program | Method(s) the program uses to assess additionality for this project | Approach(es) by which the selected program requires this project to address reversal risk | Potential sources of leakage the selected program requires this project to have assessed | Provide details of other issues the selected program requires projects to address | Comment |

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|---|--|--|---|---|--|-----|
| <ul style="list-style-type: none"> • Purchased | <ul style="list-style-type: none"> • VCS (Verified Carbon Standard) | <ul style="list-style-type: none"> • Consideration of legal requirements • Investment analysis • Barrier analysis | <ul style="list-style-type: none"> • Monitoring and compensation | <ul style="list-style-type: none"> • Activity Shifting | <p>VCS quality assurance principles ensure that projects are:</p> <p>Additional: Projects must exceed the likeliest “business-as-usual” scenario and demonstrate that GHG emission reductions or removals would not occur without revenue from the sale of VCUs.</p> <p>Real and measurable: Projects must apply an approved methodology to ensure net GHG emission reductions or removals which must have already taken place, and are measurable.</p> <p>Conservative: Projects must use conservative assumptions, values and procedures to ensure emission reductions are not overstated.</p> <p>Permanent: Projects in the Agriculture, Forestry, and Other Land Use (AFOLU) sector must ensure GHG removals are not lost due to unforeseen events such as fire or disease.</p> <p>Independently Verified: Projects must contract an approved validation/verification body (VVB) to confirm that the project design meets VCS criteria and that all GHG emission reductions or removals are quantified according to VCS requirements.</p> <p>Uniquely numbered and transparently listed: Projects must register with the Verra Registry operator to ensure each VCU is assigned a unique serial number and listed on the Verra Registry.</p> | n/a |
|---|--|--|---|---|--|-----|

| 1 | 2 | 3 | 4 | 5 | 6 | 7 |
|---|--|---|--|--|--|-------------------------------------|
| Project type | Type of mitigation activity | Project description | Credits canceled by your organization from this project in the reporting year (metric tons CO2e) | Purpose of cancellation | Are you able to report the vintage of the credits at cancellation? | Vintage of credits at cancellation* |
| <ul style="list-style-type: none"> • Afforestation | <ul style="list-style-type: none"> • Carbon Removal | The CCB Gold Project is restoring more than 22,900 hectares of peatland rainforest. The project targets the Merang biodiversity corridor, one of the largest and deepest peat swamps in South Sumatra. Climate finance rehabilitates and protects this threatened ecosystem, reducing emissions, and creating a conservation area for hundreds of unique and endangered species. The project works with local communities from nearby villages to improve livelihoods which reduces pressure on the forest. | 100,000 | <ul style="list-style-type: none"> • Voluntary offsetting | <ul style="list-style-type: none"> • Yes | 2016 |
| 8 | 9 | 10 | 11 | 12 | 13 | 14 |

| Were these credits issued to or purchased by your organization? | Credits issued by which carbon-crediting program | Method(s) the program uses to assess additionality for this project | Approach(es) by which the selected program requires this project to address reversal risk | Potential sources of leakage the selected program requires this project to have assessed | Provide details of other issues the selected program requires projects to address | Comment |
|---|--|--|---|--|--|---------|
| <ul style="list-style-type: none"> Purchased | <ul style="list-style-type: none"> VCS (Verified Carbon Standard) | <ul style="list-style-type: none"> Consideration of legal requirements Investment analysis Barrier analysis | <ul style="list-style-type: none"> Monitoring and compensation | <ul style="list-style-type: none"> Activity Shifting | <p>VCS quality assurance principles ensure that projects are:</p> <p>Additional: Projects must exceed the likeliest “business-as-usual” scenario and demonstrate that GHG emission reductions or removals would not occur without revenue from the sale of VCUs.</p> <p>Real and measurable: Projects must apply an approved methodology to ensure net GHG emission reductions or removals which must have already taken place, and are measurable.</p> <p>Conservative: Projects must use conservative assumptions, values and procedures to ensure emission reductions are not overstated.</p> <p>Permanent: Projects in the Agriculture, Forestry, and Other Land Use (AFOLU) sector must ensure GHG removals are not lost due to unforeseen events such as fire or disease.</p> <p>Independently Verified: Projects must contract an approved validation/verification body (VVB) to confirm that the project design meets VCS criteria and that all GHG emission reductions or removals are quantified according to VCS requirements.</p> <p>Uniquely numbered and transparently listed: Projects must register with the Verra Registry operator to ensure each VCU is assigned a unique serial number and listed on the Verra Registry.</p> | n/a |

| 1 | 2 | 3 | 4 | 5 | 6 | 7 |
|---|--|---|--|--|--|-------------------------------------|
| Project type | Type of mitigation activity | Project description | Credits canceled by your organization from this project in the reporting year (metric tons CO2e) | Purpose of cancellation | Are you able to report the vintage of the credits at cancellation? | Vintage of credits at cancellation* |
| <ul style="list-style-type: none"> Afforestation | <ul style="list-style-type: none"> Carbon Removal | The project has planted more than 1 million plants of a native species of giant clumping bamboo, covering 2,361 hectares while protecting an additional 1,000 hectares of old forest as a conservation zone. It has transformed a degraded landscape into a flourishing and biodiverse ecosystem. Bamboo is one of the most efficient biological tools for fighting climate change. The project contributes to mitigation by preventing | 20,000 | <ul style="list-style-type: none"> Voluntary offsetting | <ul style="list-style-type: none"> Yes | 2017 |

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| | | deforestation and capturing CO2 as well as to adaptation by reducing temperatures, creating micro-climates, supporting a low-carbon economy and creating livelihoods for vulnerable communities. In contrast to cutting trees, harvesting giant clumping bamboo does not kill the plant. Once fully mature, selective poles are harvested from each bamboo clump annually, leaving enough time for other poles to regenerate. Thus, the carbon stored within the bamboo becomes a permanent sink, with the bamboo clumps having a lifetime of 80 years. The bamboo fiber from the plantations forms the base for a broad range of sustainable, deforestation-free products like fibers or building materials. | | | | |
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| 8 | 9 | 10 | 11 | 12 | 13 | 14 |
|---|--|--|---|--|--|---------|
| Were these credits issued to or purchased by your organization? | Credits issued by which carbon-crediting program | Method(s) the program uses to assess additionality for this project | Approach(es) by which the selected program requires this project to address reversal risk | Potential sources of leakage the selected program requires this project to have assessed | Provide details of other issues the selected program requires projects to address | Comment |
| <ul style="list-style-type: none"> Purchased | <ul style="list-style-type: none"> VCS (Verified Carbon Standard) | <ul style="list-style-type: none"> Consideration of legal requirements Investment analysis Barrier analysis | <ul style="list-style-type: none"> Monitoring and compensation | <ul style="list-style-type: none"> Activity Shifting | <p>VCS quality assurance principles ensure that projects are:</p> <p>Additional: Projects must exceed the likeliest “business-as-usual” scenario and demonstrate that GHG emission reductions or removals would not occur without revenue from the sale of VCUs.</p> <p>Real and measurable: Projects must apply an approved methodology to ensure net GHG emission reductions or removals which must have already taken place, and are measurable.</p> <p>Conservative: Projects must use conservative assumptions, values and procedures to ensure emission reductions are not overstated.</p> <p>Permanent: Projects in the Agriculture, Forestry, and Other Land Use (AFOLU) sector must ensure GHG removals are not lost due to unforeseen events such as fire or disease.</p> <p>Independently Verified: Projects must contract an approved validation/verification body (VVB) to confirm that the project design meets VCS criteria and that all GHG emission reductions or removals are quantified according to VCS requirements.</p> <p>Uniquely numbered and transparently listed: Projects must register with the Verra Registry operator to ensure each VCU is assigned a unique serial number and listed on the Verra Registry.</p> | n/a |

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| 1 | 2 | 3 | 4 | 5 | 6 | 7 |
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| Project type | Type of mitigation activity | Project description | Credits canceled by your organization from this project in the reporting year (metric tons CO2e) | Purpose of cancellation | Are you able to report the vintage of the credits at cancellation? | Vintage of credits at cancellation* |
|--|---|---|--|--|--|-------------------------------------|
| <ul style="list-style-type: none"> Forest ecosystem restoration | <ul style="list-style-type: none"> Emissions Reduction | The Rainforest Community Project brings together hundreds of local families and small-scale concession holders which harvest Brazil nuts in the Peruvian Amazon. Through investment from the project, these nuts can be sustainably harvested, processed and sold directly to international export markets for the first time. The project provides a viable alternative to deforestation in providing sustainably generated income for local communities. Experience in past decades shows that better access increases deforestation for agriculture and illegal logging. This project comprises of two forestry concessions that are managed in line with Forestry Stewardship Council (FSC) guidelines. The concessions stretch over 100,000 hectares covered by dense rainforest. Effective surveillance of this area to prevent illegal dwelling and destructive forest use is only possible with the support of carbon certificate revenues. | 10,000 | <ul style="list-style-type: none"> Voluntary offsetting | <ul style="list-style-type: none"> Yes | 2016 |

| 8 | 9 | 10 | 11 | 12 | 13 | 14 |
|---|--|--|---|--|---|---------|
| Were these credits issued to or purchased by your organization? | Credits issued by which carbon-crediting program | Method(s) the program uses to assess additionality for this project | Approach(es) by which the selected program requires this project to address reversal risk | Potential sources of leakage the selected program requires this project to have assessed | Provide details of other issues the selected program requires projects to address | Comment |
| <ul style="list-style-type: none"> Purchased | <ul style="list-style-type: none"> VCS (Verified Carbon Standard) | <ul style="list-style-type: none"> Consideration of legal requirements Investment analysis Barrier analysis | <ul style="list-style-type: none"> Monitoring and compensation | <ul style="list-style-type: none"> Activity Shifting | <p>VCS quality assurance principles ensure that projects are:</p> <p>Additional: Projects must exceed the likeliest “business-as-usual” scenario and demonstrate that GHG emission reductions or removals would not occur without revenue from the sale of VCUs.</p> <p>Real and measurable: Projects must apply an approved methodology to ensure net GHG emission reductions or removals which must have already taken place, and are measurable.</p> <p>Conservative: Projects must use conservative assumptions, values and procedures to ensure emission reductions are not overstated.</p> <p>Permanent: Projects in the Agriculture, Forestry, and Other Land Use (AFOLU) sector must ensure GHG removals are not lost due to unforeseen events such as fire or disease.</p> <p>Independently Verified: Projects must contract an approved validation/verification body (VVB) to confirm that the project design meets VCS criteria and that all</p> | n/a |

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|--|--|--|--|--|---|--|
| | | | | | GHG emission reductions or removals are quantified according to VCS requirements. Uniquely numbered and transparently listed: Projects must register with the Verra Registry operator to ensure each VCU is assigned a unique serial number and listed on the Verra Registry. | |
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[Add row]

Internal price on carbon

(C11.3) Does your organization use an internal price on carbon?

- Yes

(C11.3a) Provide details of how your organization uses an internal price on carbon.

| 1 | 2 | 3 | 4 | 5 | 6 | 7 |
|--|--|---|--|---|--|--|
| Type of internal carbon price | How the price is determined | Objective(s) for implementing this internal carbon price | Scope(s) covered | Pricing approach used – spatial variance | Pricing approach used – temporal variance | Indicate how you expect the price to change over time* |
| <ul style="list-style-type: none"> • Shadow price | <ul style="list-style-type: none"> • Alignment with the price of allowances under an Emissions Trading Scheme • Alignment with the price of a carbon tax • Social cost of carbon • Price/cost of voluntary carbon offset credits • Cost of required measures to achieve emissions reduction targets • Benchmarking against peers • Price with material impact on business decisions | <ul style="list-style-type: none"> • Change internal behavior • Drive energy efficiency • Drive low-carbon investment • Identify and seize low-carbon opportunities | <ul style="list-style-type: none"> • Scope 1 • Scope 2 | <ul style="list-style-type: none"> • Uniform | <ul style="list-style-type: none"> • Static | n/a |
| 8 | 9 | 10 | 11 | 12 | | |

| Actual price(s) used – minimum (currency as specified in C0.4 per metric ton CO2e) | Actual price(s) used – maximum (currency as specified in C0.4 per metric ton CO2e) | Business decision-making processes this internal carbon price is applied to | Mandatory enforcement of this internal carbon price within these business decision-making processes | Explain how this internal carbon price has contributed to the implementation of your organization’s climate commitments and/or climate transition plan |
|--|--|---|---|---|
| 100 | 100 | <ul style="list-style-type: none"> • Capital expenditure • Operations | <ul style="list-style-type: none"> • Yes, for all decision-making processes | <p>"COMPANY-SPECIFIC DESCRIPTION OF HOW THE INTERNAL PRICE ON CARBON IS USED: The CO2-price on investment projects was implemented in 2020.</p> <p>As a tool to steer sufficient investment into sustainable alternatives, Bayer decided to apply a cross-divisional stimulus to CAPEX projects with an incentive of EUR 100 per metric ton of reduced or avoided CO2e emissions. By applying this incentive in NPV / DCF calculations, the payback time is shortened, and projects which reduce / avoid CO2e emissions become financially competitive with other projects. A technical procedure "Sustainability in Investment Project Approvals" provides details on formal integration into CAPEX project approvals. First evaluations show that the incentive is well accepted and adopted by all functions and divisions.</p> <p>Example 1: A project to install a new wastewater evaporator at one site was approved following the new procedure. The project appeared especially attractive with a payback including the incentive of 1.7 years compared with a payback without the incentive of 4.3 years.</p> <p>Example 2: A project to install an economizer at a boiler at one site was approved following the new procedure. The project appeared especially attractive with a payback including the incentive of 2.1 years compared with a payback without the incentive of 4.9 years.</p> <p>Additionally, we conduct ecological assessments of relevant investments."</p> |

[Add row]

C12 Engagement

Value chain engagement

(C12.1) Do you engage with your value chain on climate-related issues?

- Yes, our suppliers
- Yes, our customers/clients
- Yes, other partners in the value chain

(C12.1a) Provide details of your climate-related supplier engagement strategy.

| 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 |
|---|--|--------------------------|---|---|---|---|--|
| Type of engagement | Details of engagement | % of suppliers by number | % total procurement spend (direct and indirect) | % of supplier-related Scope 3 emissions as reported in C6.5 | Rationale for the coverage of your engagement | Impact of engagement, including measures of success | Comment |
| <ul style="list-style-type: none"> • Engagement & incentivization (changing supplier behavior) | <ul style="list-style-type: none"> • Climate change performance is featured in supplier awards scheme | 4 | 46 | 43 | <p>As Scope 3 emissions account for 78.8% of our total emissions, suppliers are a strategic priority for us. In 2022, we had a total of 91,149 (2021: 93,844) suppliers. Our procurement spend was EUR 23.3 billion (2021: EUR 18.9 billion).</p> <p>RATIONALE: Bayer considers collaboration on sustainability in the supply chain as key and essential to conducting business. Companies must collaborate along supply chains to continuously improve and respect the environment as well as protect human rights.</p> | <p>i) MEASURES OF SUCCESS AND THRESHOLD: We set ambitious targets and measure TARGET FULFILLMENT. TARGET #1: We have a Science-Based Target (SBT) to reduce our absolute GHG supply chain emissions (Scope 3) by 12.3% till end of 2029 (base year 2019). TARGET #2: All strategically important suppliers have to present an EcoVadis rating of at least 45 of 100 points or a comparable result in a TfS or PSC audit. Furthermore, potential new suppliers with a high inherent sustainability risk and procurement spend of</p> | <p>A key factor in the collaboration is helping our suppliers to improve their sustainability performance. In this, we focus on both remedying deficiencies and collaborating on sustainability topics.</p> <p>The industry initiative PSCI organized face-to-face and virtual training sessions and workshops for suppliers in India and China in 2022.</p> |

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| | | | | <p>The Bayer Supplier Code of Conduct considers well-established principles of sustainability, which comprise an important component of supplier selection and evaluation. Moreover, Bayer expects its suppliers to address these principles further down the supply chain.</p> <p>Because we cannot interact with all suppliers, we select relevant suppliers to be evaluated. For climate-related evaluation, we use two main approaches:</p> <p>1) Our Supplier Sustainability Evaluation (SSE) instruments: SSE consist of EcoVadis assessments and Sustainability Audit protocols from the Together for Sustainability (TfS) initiative and the Pharmaceutical Supply Chain Initiative (PSCI).</p> <p>We nominated suppliers for an EcoVadis assessment and a TfS-audit or PSCI-audit (a) because of the sustainability risk scoring (considering the sustainability risks of country as well as of the sub-category to which the purchased material belongs to) or (b) because of the strategic importance of the supplier. In 2022, Bayer assessed: 1,145 suppliers via EcoVadis, 113 suppliers via sustainability audits. EcoVadis includes in its assessment climate- and energy-related aspects. The audit criteria cover the issues from our Bayer Supplier Code of Conduct, which includes a section on "Natural Resource Conservation and Climate Protection".</p> <p>2) CDP Supply Chain Engagement: Bayer is a lead member of the CDP SC initiative. We invite: (a) top-GHG-emitting suppliers, (b) strategically important suppliers, (c) suppliers that are active in relevant sustainability initiatives to disclose to us.</p> <p>Reducing emissions in our value chain (Scope 3) is an increasing challenge in the face of a growing business. To achieve significant reductions in the supply chain in</p> | <p>more than EUR 250,000 are examined in advance with regard to sustainability aspects.</p> <p>iii) IMPACT OF ENGAGEMENT: We align our procurement and supplier management processes to ambitious ethical, social and environment-related principles. We expect our suppliers to observe these principles, too, and we support them in doing so. SSE and CDP Supply Chain results are used as KPI on internal procurement scorecards. To enable its efforts, Bayer has joined several initiatives. The EcoVadis assessments and sustainability audits are analyzed to identify specific improvement measures. In case suppliers had received a critical result, Bayer requests that the suppliers remedy the identified weaknesses within an appropriate timeframe based on specific action plans. Also in 2022, Bayer headed in the TfS initiative the working group "GHG Scope 3 Emissions". This group aims to standardize the calculation of product carbon footprints (PCF) for the chemical industry. Via the CDP SC initiative we asked in 2022 our top-GHG-emitting suppliers and our strategically important suppliers to disclose to us their climate program and GHG data. We hosted supplier webinars together with CDP and focused our engagement on 11 KPIs from the CDP questionnaire. Those suppliers, which we evaluated in 2022, received a personalized feedback e-mail in which we laid out our perception of their performance with respect to those 11 KPIs. We included a guidance how the supplier can improve on those 11 KPIs and will evaluate in the next reporting cycle.</p> <p>If a supplier is in breach of one of the principles set out in our current Supplier Code of Conduct and cannot agree on an improvement plan or does not implement it,</p> | <p>These were attended by more than 2,000 supplier representatives. Additionally, a number of webinars were delivered online on various human rights and HSE topics. In 2022, PSCI offered new webinars on human rights legislation, process and plant safety, and environmental protection. Through the PSCI online resource library, our suppliers can download additional training materials, the scope of which is expanded each year. Since 2022, PSCI has also given suppliers the opportunity to network with each other via its Link platform and further develop a more responsible supply chain. Together with the TfS initiative, we successfully launched a practically oriented learning environment for suppliers and purchasers in 2022 so as to further establish competencies as regards sustainability issues. The focus here, for example, is on ethical aspects, conflict minerals, waste management and anti-corruption measures. In 2022, we selected around 100 suppliers to participate in TfS training courses based on their sustainability performance and Bayer's assessment plan. The training courses dealt with labor and human rights guidelines, whistleblower</p> |
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| | | | | | <p>the coming years, we are intensifying our collaboration with suppliers, in particular in terms of a shift to renewable energies. Beginning in 2023, we also aim to develop an internal CO2 price to manage our Scope 3 emissions.</p> | <p>Bayer reserves the right to end the commercial relationship.</p> <p>iii) EXAMPLE: Our monthly monitoring shows that 676 (2021: 508) of the 1,258 (2021: 879) Bayer suppliers evaluated in 2022 improved their sustainability performance.</p> | <p>procedures, environmental reporting and sustainable procurement guidelines.</p> |
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[Add row]

(C12.1b) Give details of your climate-related engagement strategy with your customers.

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|---|---|--------------------------|--|---|--|
| Type of engagement | Details of engagement | % of customers by number | % customer-related Scope 3 emissions as reported in C6.5 | Please explain the rationale for selecting this group of customers and scope of engagement | Impact of engagement, including measures of success |
| <ul style="list-style-type: none"> Education/information sharing | <ul style="list-style-type: none"> Run an engagement campaign to educate customers about the climate change impacts of (using) your products, goods, and/or services | 100 | n/a | <p>Global agriculture and food systems are confronted with major challenges, such as climate change, water scarcity and population growth. Intensive agriculture with high yields per hectare of farmland is a crucial factor for ensuring the continued availability of high-quality and affordable food. Agricultural intensification leads to less land being required for the same amount of food produced. Digital technologies play an important role here, as do improved seed and good agricultural practices.</p> <p>i) RATIONALE: According to a report of the Intergovernmental Panel on Climate Change (IPCC), agriculture, forestry and other land use account for about 25% of all greenhouse gas (GHG) emissions worldwide. Bayer can influence 25% of the agricultural value chains worldwide. The role we can play in protecting the climate is enormous. That's why we are doing everything in our power to fully exhaust decarbonization potential in farming and to make it more efficient and resilient. With the help of new processes, GHG emissions from farming can not only be reduced, but can also be captured in the soil. Tremendous, still largely untapped potential exists here. We create the financial incentives that will enable farmers to tap into this potential in the future.</p> | <p>i) MEASURES OF SUCCESS: We aim to enable our farming customers to reduce their greenhouse gas emissions per kilogram of crop produced by 30% through 2030. This applies for the highest greenhouse gas emitting crop systems and in the regions Bayer serves with its products. Therefore, our focus lies on soy and corn in the United States, Brazil and Argentina, paddy rice in India, and wheat, cotton and oilseed rape/canola in various geographies. The scope of our efforts is focused on emissions of major greenhouse gases: carbon dioxide (CO2), methane (CH4) and nitrous oxide (N2O) from field operations. The sources of greenhouse gas emissions include cultivation, decomposition of applied fertilizers and organic matter, and irrigation. To measure progress against our target, we will use representative samples of field-level data from a third-party market research data provider (Kynetec UK Ltd.) obtained in interviews with randomly selected farmers.</p> <p>ii) THRESHOLD: We aim to reduce our farming customers' in-field greenhouse gas emissions in our key markets by 30% per kg of crop produced by 2030.</p> <p>iii) IMPACT OF ENGAGEMENT:</p> |

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| | | | | <p>ii) SCOPE OF ENGAGEMENT:</p> <p>To achieve our target, we foster the adoption of climate-smart practices and technologies by our farming customers. These include high-yielding crop genetics, crop protection products, precision irrigation systems, soil management tactics through no-till and cover crops, crop rotation, root health, fertilization management, microorganisms and inoculants, a switch to dry-seeded rice, and digital and precision farming tools. Combining different levers can lead to customized profitable tailored solutions for our farming customers.</p> <p>To learn how to scale the adoption of climate-smart practices and solutions, create new value streams for our farming customers and business opportunities for ourselves, and at the same time benefit the environment, Bayer is driving the implementation of CARBON FARMING INITIATIVES in every region we serve. 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>Climate change is presenting major challenges for farmers worldwide. Crop losses not only threaten the farmers' future and that of their families, but also pose a risk to the global food supply. At the same time, the cultivation of food produces greenhouse gas emissions. Farming therefore plays a key role on the road to a climate-neutral global economy. Through innovations in the areas of seeds, crop protection, agricultural practices and digital solutions, we are helping to make farming both climate-neutral and climate-resilient. We work together with farmers and partners throughout the value chain. We work to ensure that farmers also benefit financially from such solutions, as that is the only way to enable their rapid implementation.</p> <p>EXAMPLES: Our CARBON FARMING INITIATIVE launched in 2020 already offers farmers in Brazil, the United States, Europe and Asia financial incentives to apply climate-friendly methods and capture greenhouse gases in the soil. For example, so far, approximately 1,800 farmers from 16 different states in Brazil (over 200,000 acres) participated in the Bayer Carbon Program.</p> |
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[Add row]

(C12.1d) Give details of your climate-related engagement strategy with other partners in the value chain.

EXAMPLE 1:

PARTNER:

Bayer collaborates with organizations and stakeholders representing every link in the food value chain, as a lighthouse project of the **World Economic Forum's (WEF) CEO Action Group**. The **European Carbon+ Farming Coalition** is an ecosystem of partners from 9 sectors (farmers associations, agribusiness, banking, digital, insurance, academic research, food processors, non-governmental organizations, and international organizations). Bayer is a partner and **ACTIVELY SUPPORTED** the work of the European Carbon+ Farming Coalition. Our Head of Crop Science Division and Member of the Board of Management of Bayer AG is a member.

ENGAGEMENT STRATEGY:

The **European Carbon+ Farming Coalition** aims to accelerate the farm-level transition towards sustainable agriculture and accelerate progress towards achieving the goals of the European Green Deal. An ambitious group of 14 multistakeholder organizations have stepped out of their competitive spaces and come together under the Carbon+ Farming Journey coalition. They will develop and enact cost-effective, practical solutions that will accelerate the uptake of sustainable agriculture, such as regenerative or climate-smart practices.

The coalition aims to keep farmers at the centre of the decision-making process. Partners will innovate with farmers, rather than for farmers. A recent report from the World Economic Forum with Deloitte and NTT Data finds that if farmers are supported to take climate-smart actions, by 2030 the EU could reduce its agricultural GHG emissions by an estimated 6%, restore soil health of over 14% of its total agricultural land, and add between EUR 1.9 billion and EUR 9.3 billion annually to farmers' incomes.

EXAMPLE 2:

PARTNER:

As an innovative **platform to promote partnerships** and address challenges throughout the food system, our **Bayer Food Chain Partnership** brings together farmers, food processors, retailers, traders, and others along the food value chain.

ENGAGEMENT STRATEGY:

The central element is the **BayG.A.P. Service Program** via which Bayer provides TRAINING, AGRONOMIC ADVICE, and CERTIFICATION SUPPORT enabling growers to successfully implement good agricultural practices. BayG.A.P. guides farmers on how to reduce the environmental footprint of farming, use crop protection products effectively and safely, and how to ensure human rights of the farms' workforce. 382 food value chain partnership initiatives in 35 countries and 62 crops are initiated. 674,822 growers worldwide have been enrolled in BayG.A.P., 1,749 growers from India, Mali, and Thailand obtained the GlobalG.A.P. or local G.A.P. certifications.

Bayer also reinforces its support for sustainable agriculture with **Bayer ForwardFarming**. There are currently 25 ForwardFarms spread across Europe (18), Latin America (4) and Asia (3).

Bayer's industry-leading **CARBON INITIATIVE** is the result of years of work validating a SCIENCE-BASED approach and methodology. It recognizes the pivotal role growers and their land can play in helping to create lasting, positive environmental impacts and is part of Bayer's sustainability commitments specifically aimed at reducing in-field GHG emissions of our farming customers per kg of crop produced in our key markets by 30% till 2030. Soil is one of the most effective ways of sequestering carbon. Incentivizing farmers to embrace no-till, precision nitrogen use or cover crops helps further sequester carbon into the soil, reduce fossil fuel usage and reduce greenhouse gases. While today farmers get rewarded solely for their food, feed and fiber production, those participating in the Bayer Carbon Initiative will have the opportunity to be rewarded for their best farm management practices. Since the launch, in July 2020, over 2,600 growers were enrolled from 10 different countries, 1.4M+ acres were added, and 500,000 tonnes of carbon was sequestered in the soil. In addition, \$4 million was returned to farmers.

EXAMPLE 3:

PARTNER:

Bayer is engaging with other partners in the value chain through **SusChem**. SusChem brings together industry, academia, governmental policy groups and the wider society. The Head of Process Technology Development at Bayer's corporate function Engineering & Technology represented Bayer as a member of the SusChem Board.

ENGAGEMENT STRATEGY:

Bayer supports SusChem's vision for a competitive and innovative Europe where sustainable chemistry and biotechnology provide solutions for future generations, especially to initiate and inspire European chemical and biochemical innovation to respond effectively to global challenges by providing sustainable solutions. The new SusChem **Strategic Innovation and Research Agenda (SIRA)** focuses on technology priorities towards 2030, across **Advanced Materials, Advanced Processes** as well as the implementation and co-development of **Enabling Digital Technologies**. Bayer ACTIVELY SUPPORTED SusChem to make a significant contribution to climate-related policy development in the European Institutions and important European Innovation Partnerships esp. SIRA.

EXAMPLE 4:

PARTNER: The **World Business Council for Sustainable Development (WBCSD)** is a global multi-stakeholder platform, CEO-led of over 200 of the world's leading sustainable businesses working collectively to accelerate the system transformations needed for a net-zero, nature positive, and more equitable future. Our involvement in the World Business Council for Sustainable Development (WBCSD) reinforces our mission as a company that acts sustainably. In a cross-collaboration effort with the entire food systems hosted by the WBCSD, we develop strategies to help farmers increase their resilience against the effects of climate change. At the same time, we work to reduce agriculture green house gas emissions. As there are no uniform solutions in agriculture, each region needs some specific options from which we can select the most suitable for each area and the prevailing local conditions.

ENGAGEMENT STRATEGY:

Bayer co-leads the working group on reducing greenhouse gas emissions in the supply chain and our executive VP Dirk Backhaus is part of the Food and Ag Board co-leading the work related to scope three reduction and regenerative ag. The goal is to standardize the calculation of a product-related carbon footprint (PCF) for the chemical industry. At the same time, an approach is being developed within the value chain. The plan is to advance work with the Partnership for Carbon Transparency (PACT) of the World Business Council for Sustainable Development (WBCSD). PACT develops climate approaches across industries. As a member of the WBCSD, we are working on suitable measures there as well.

We have developed agriculture- and forestry-specific scenario descriptions together with a working group of the WBCSD. Through dialogue in various forums and with different stakeholders, we improve our own analyses and aim to help improve the identification of regulatory and physical climate risks and climate resilience measures throughout the entire supply chain.

EXAMPLE 5:

PARTNER:

Bayer is active in several multi-stakeholder partnerships, including the **Sustainable Markets Initiative (SMI)** and the **Agricultural Climate Markets Collaborative of the Keystone Policy Center**, in which supply chain participants, nongovernmental organizations and competitors are represented.

ENGAGEMENT STRATEGY:

In 2022, Bayer contributed to two crucial results of these groups that are intended to create more transparency and understanding in regard to approaches for regenerative farming and financial compensation for ecosystem services. With Bayer's active participation, furthermore, SMI's Agribusiness task force published its first report entitled "Scaling Regenerative Farming: An Action Plan," which describes five key measures for the agricultural sector's entire value chain. Bayer is also a signatory to the Principles for Transparency in Agricultural Climate Markets published by the Agricultural Climate Markets Collaborative – thus underscoring the company's commitment to a better understanding of voluntary emissions trading in the United States. In this connection, we updated our Bayer Carbon website to ensure that we provide all information required by the aforementioned principles.

Climate-related requirements

(C12.2) Do your suppliers have to meet climate-related requirements as part of your organization's purchasing process?

- Yes, climate-related requirements are included in our supplier contracts

(C12.2a) Provide details of the climate-related requirements that suppliers have to meet as part of your organization's purchasing process and the compliance mechanisms in place.

| 1 | 2 | 3 | 4 | 5 | 6 |
|--|--|--|--|---|---|
| Climate-related requirement | Description of this climate related requirement | % suppliers by procurement spend that have to comply with this climate-related requirement | % suppliers by procurement spend in compliance with this climate-related requirement | Mechanisms for monitoring compliance with this climate-related requirement | Response to supplier non-compliance with this climate-related requirement |
| <ul style="list-style-type: none"> • Complying with regulatory requirements | <p>The core principles of our sustainability requirements are established in the Bayer Supplier Code of Conduct (SCoC), which is, amongst others, based on the United Nations Global Compact (UNGC), the International Bill of Human Rights, the International Labor Organization's (ILO) Declaration on Fundamental Principles and Rights at Work, the UNGPs, the Rio Declaration on Environment and Development, the UN Convention Against Corruption, the Convention on Biological Diversity, the UN Framework Convention on Climate Change (UNFCCC). The code is available in 12 languages and covers the areas of Ethics, Labor & Human Rights, Health & Safety, Climate & Environment, Quality, and Governance & Management Systems. In our code, we state that complaints and (compliance) violations can be reported anonymously if required via a central compliance hotline set up by Bayer that is available worldwide. The code is integrated into every Purchasing Order (PO) and part of our contracts. – The code has been updated and enhanced in 2022, with a special strengthening of all climate protection relevant topics.</p> <p>Bayer works continuously to strategically evolve sustainability topics in procurement. In 2022 we</p> | 100 | 95 | <ul style="list-style-type: none"> • Supplier self-assessment • Off-site third-party verification • Other, please specify: Contracts in which the Bayer SCoC is not used, are tracked in a Sourcing Exception Repository | <ul style="list-style-type: none"> • Retain and engage |

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| | <p>continued to ensure that all strategically important suppliers had to present an EcoVadis rating of at least 45 of 100 points (“green” assessment) or a comparable sustainability audit (TfS or PSCI) result. Since 2021, furthermore, potential new suppliers with a high inherent sustainability risk and procurement spend of more than EUR 250,000 have been examined in advance with regard to sustainability aspects. Bayer is a lead member of the CDP SC initiative. In 2022, we invited 273 corporations, equaling 2,285 Bayer-suppliers, to disclose to us: (a) top-GHG-emitting suppliers, (b) strategically important suppliers, (c) suppliers that are active in relevant sustainability initiatives.</p> | | | | |
| <ul style="list-style-type: none"> Implementation of emissions reduction initiatives | <p>The core principles of our sustainability requirements are established in the Bayer Supplier Code of Conduct (SCoC), which is, amongst others, based on the United Nations Global Compact (UNGC), the International Bill of Human Rights, the International Labor Organization’s (ILO) Declaration on Fundamental Principles and Rights at Work, the UNGPs, the Rio Declaration on Environment and Development, the UN Convention Against Corruption, the Convention on Biological Diversity, the UN Framework Convention on Climate Change (UNFCCC). The code is available in 12 languages and covers the areas of Ethics, Labor & Human Rights, Health & Safety, Climate & Environment, Quality, and Governance & Management Systems. In our code, we state that complaints and (compliance) violations can be reported anonymously if required via a central compliance hotline set up by Bayer that is available worldwide. The code is integrated into ever Purchasing Order (PO) and part of our contracts. – The code has been updated and enhanced in 2022, with a special strengthening of all climate protection relevant topics.</p> <p>Bayer works continuously to strategically evolve sustainability topics in procurement. In 2022 we continued to ensure that all strategically important suppliers had to present an EcoVadis rating of at least 45 of 100 points (“green” assessment) or a comparable sustainability audit (TfS or PSCI) result. Since 2021, furthermore, potential new suppliers with a high inherent sustainability risk and procurement spend of more than EUR 250,000 have been examined in</p> | 100 | 95 | <ul style="list-style-type: none"> Supplier self-assessment Off-site third-party verification Other, please specify: Contracts in which the Bayer SCoC is not used, are tracked in a Sourcing Exception Repository | <ul style="list-style-type: none"> Retain and engage |

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| | <p>advance with regard to sustainability aspects. Bayer is a lead member of the CDP SC initiative. In 2022, we invited 273 corporations, equaling 2,285 Bayer-suppliers, to disclose to us: (a) top-GHG-emitting suppliers, (b) strategically important suppliers, (c) suppliers that are active in relevant sustainability initiatives</p> | | | | |
| <ul style="list-style-type: none"> Purchasing renewable energy | <p>The core principles of our sustainability requirements are established in the Bayer Supplier Code of Conduct (SCoC), which is, amongst others, based on the United Nations Global Compact (UNGC), the International Bill of Human Rights, the International Labor Organization's (ILO) Declaration on Fundamental Principles and Rights at Work, the UNGPs, the Rio Declaration on Environment and Development, the UN Convention Against Corruption, the Convention on Biological Diversity, the UN Framework Convention on Climate Change (UNFCCC). The code is available in 12 languages and covers the areas of Ethics, Labor & Human Rights, Health & Safety, Climate & Environment, Quality, and Governance & Management Systems. In our code, we state that complaints and (compliance) violations can be reported anonymously if required via a central compliance hotline set up by Bayer that is available worldwide. The code is integrated into every Purchasing Order (PO) and part of our contracts. – The code has been updated and enhanced in 2022, with a special strengthening of all climate protection relevant topics.</p> <p>Bayer works continuously to strategically evolve sustainability topics in procurement. In 2022 we continued to ensure that all strategically important suppliers had to present an EcoVadis rating of at least 45 of 100 points ("green" assessment) or a comparable sustainability audit (TfS or PSCI) result. Since 2021, furthermore, potential new suppliers with a high inherent sustainability risk and procurement spend of more than EUR 250,000 have been examined in advance with regard to sustainability aspects. Bayer is a lead member of the CDP SC initiative. In 2022, we invited 273 corporations, equaling 2,285 Bayer-suppliers, to disclose to us: (a) top-GHG-emitting suppliers, (b) strategically important suppliers, (c) suppliers that are active in relevant sustainability initiatives</p> | 100 | 95 | <ul style="list-style-type: none"> Supplier self-assessment Off-site third-party verification Other, please specify: Contracts in which the Bayer SCoC is not used, are tracked in a Sourcing Exception Repository | <ul style="list-style-type: none"> Retain and engage |

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|--|--|-----|----|---|---|
| <ul style="list-style-type: none"> Setting a low-carbon energy target | <p>The core principles of our sustainability requirements are established in the Bayer Supplier Code of Conduct (SCoC), which is, amongst others, based on the United Nations Global Compact (UNGC), the International Bill of Human Rights, the International Labor Organization's (ILO) Declaration on Fundamental Principles and Rights at Work, the UNGPs, the Rio Declaration on Environment and Development, the UN Convention Against Corruption, the Convention on Biological Diversity, the UN Framework Convention on Climate Change (UNFCCC). The code is available in 12 languages and covers the areas of Ethics, Labor & Human Rights, Health & Safety, Climate & Environment, Quality, and Governance & Management Systems. In our code, we state that complaints and (compliance) violations can be reported anonymously if required via a central compliance hotline set up by Bayer that is available worldwide. The code is integrated into every Purchasing Order (PO) and part of our contracts. – The code has been updated and enhanced in 2022, with a special strengthening of all climate protection relevant topics.</p> <p>Bayer works continuously to strategically evolve sustainability topics in procurement. In 2022 we continued to ensure that all strategically important suppliers had to present an EcoVadis rating of at least 45 of 100 points ("green" assessment) or a comparable sustainability audit (TfS or PSCI) result. Since 2021, furthermore, potential new suppliers with a high inherent sustainability risk and procurement spend of more than EUR 250,000 have been examined in advance with regard to sustainability aspects. Bayer is a lead member of the CDP SC initiative. In 2022, we invited 273 corporations, equaling 2,285 Bayer-suppliers, to disclose to us: (a) top-GHG-emitting suppliers, (b) strategically important suppliers, (c) suppliers that are active in relevant sustainability initiatives</p> | 100 | 95 | <ul style="list-style-type: none"> Supplier self-assessment Off-site third-party verification Other, please specify: Contracts in which the Bayer SCoC is not used, are tracked in a Sourcing Exception Repository | <ul style="list-style-type: none"> Retain and engage |
| <ul style="list-style-type: none"> Waste reduction and material circularity | <p>The core principles of our sustainability requirements are established in the Bayer Supplier Code of Conduct (SCoC), which is, amongst others, based on the United Nations Global Compact (UNGC), the International Bill of Human Rights, the International Labor Organization's (ILO) Declaration on Fundamental Principles and Rights at Work, the UNGPs, the Rio</p> | 100 | 95 | <ul style="list-style-type: none"> Supplier self-assessment Off-site third-party verification Other, please specify: Contracts in which the Bayer SCoC is not used, | <ul style="list-style-type: none"> Retain and engage |

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| | <p>Declaration on Environment and Development, the UN Convention Against Corruption, the Convention on Biological Diversity, the UN Framework Convention on Climate Change (UNFCCC). The code is available in 12 languages and covers the areas of Ethics, Labor & Human Rights, Health & Safety, Climate & Environment, Quality, and Governance & Management Systems. In our code, we state that complaints and (compliance) violations can be reported anonymously if required via a central compliance hotline set up by Bayer that is available worldwide. The code is integrated into every Purchasing Order (PO) and part of our contracts. – The code has been updated and enhanced in 2022, with a special strengthening of all climate protection relevant topics.</p> <p>Bayer works continuously to strategically evolve sustainability topics in procurement. In 2022 we continued to ensure that all strategically important suppliers had to present an EcoVadis rating of at least 45 of 100 points (“green” assessment) or a comparable sustainability audit (TfS or PSCI) result. Since 2021, furthermore, potential new suppliers with a high inherent sustainability risk and procurement spend of more than EUR 250,000 have been examined in advance with regard to sustainability aspects. Bayer is a lead member of the CDP SC initiative. In 2022, we invited 273 corporations, equaling 2,285 Bayer-suppliers, to disclose to us: (a) top-GHG-emitting suppliers, (b) strategically important suppliers, (c) suppliers that are active in relevant sustainability initiatives</p> | | | are tracked in a Sourcing Exception Repository | |
| <ul style="list-style-type: none"> Setting a science-based emissions reduction target | <p>The core principles of our sustainability requirements are established in the Bayer Supplier Code of Conduct (SCoC), which is, amongst others, based on the United Nations Global Compact (UNGC), the International Bill of Human Rights, the International Labor Organization’s (ILO) Declaration on Fundamental Principles and Rights at Work, the UNGPs, the Rio Declaration on Environment and Development, the UN Convention Against Corruption, the Convention on Biological Diversity, the UN Framework Convention on Climate Change (UNFCCC). The code is available in 12 languages and covers the areas of Ethics, Labor & Human Rights, Health & Safety, Climate & Environment, Quality, and Governance & Management</p> | 100 | 95 | <ul style="list-style-type: none"> Supplier self-assessment Off-site third-party verification Other, please specify: Contracts in which the Bayer SCoC is not used, are tracked in a Sourcing Exception Repository | <ul style="list-style-type: none"> Retain and engage |

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|--|---|--|--|--|--|
| | <p>Systems. In our code, we state that complaints and (compliance) violations can be reported anonymously if required via a central compliance hotline set up by Bayer that is available worldwide. The code is integrated into every Purchasing Order (PO) and part of our contracts. – The code has been updated and enhanced in 2022, with a special strengthening of all climate protection relevant topics.</p> <p>Bayer works continuously to strategically evolve sustainability topics in procurement. In 2022 we continued to ensure that all strategically important suppliers had to present an EcoVadis rating of at least 45 of 100 points (“green” assessment) or a comparable sustainability audit (TfS or PSCI) result. Since 2021, furthermore, potential new suppliers with a high inherent sustainability risk and procurement spend of more than EUR 250,000 have been examined in advance with regard to sustainability aspects. Bayer is a lead member of the CDP SC initiative. In 2022, we invited 273 corporations, equaling 2,285 Bayer-suppliers, to disclose to us: (a) top-GHG-emitting suppliers, (b) strategically important suppliers, (c) suppliers that are active in relevant sustainability initiatives</p> | | | | |
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[Add row]

Public policy engagement

(C12.3) Does your organization engage in activities that could either directly or indirectly influence policy, law, or regulation that may impact the climate?

| 1 | 2 | 3 | 4 |
|--|---|---|---|
| <p>External engagement activities that could directly or indirectly influence policy, law, or regulation that may impact the climate</p> | <p>Does your organization have a public commitment or position statement to conduct your engagement activities in line with the goals of the Paris Agreement?</p> | <p>Attach commitment or position statement(s)</p> | <p>Describe the process(es) your organization has in place to ensure that your external engagement activities are consistent with your climate commitments and/or climate transition plan</p> |

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| <ul style="list-style-type: none"> • Yes, we engage directly with policy makers • Yes, we engage indirectly through trade associations • Yes, we engage indirectly by funding other organizations whose activities may influence policy, law, or regulation that may significantly impact the climate | <ul style="list-style-type: none"> • Yes | <p><i>Attachments(s)]</i> <upload files (position, commitment)></p> | <p>To ensure transparency in our collaboration with stakeholders and political decision-makers, we proactively publish our global policy positions including on climate policy. Our global climate policy position is in line with our climate commitments, in line with the Paris Agreement and the SBT1.</p> <p>Sustainability is a core element of our Group Strategy and is the direct responsibility of the Chairman of the Board of Management (BoM). In his role as Chief Sustainability Officer, he is supported by the Public Affairs, Science, Sustainability & HSE (PASS & HSE) function, which is responsible, inter alia, for the outreach to political stakeholders, the development of sustainability strategies and management systems.</p> <p>Operational implementation takes place in the divisions and along the value chain. Reviewing and revising regulations and internal audits ensure our management systems are continuously improved and aligned with the respective requirements. The organizational setup guarantees maximum consistency of sustainability commitments and political engagement strategies, both directly and indirectly.</p> <p>In addition, Bayer critically scrutinize its memberships in relevant industry associations and their positions regarding climate policy measures. To ensure transparency in this connection, we started publishing an Industry Association Climate Review in 2021 and an short Engagement Update in 2022 that will be followed by the next comprehensive review in Q4/2023. These reports compare the climate policy positions of our industry associations with our own climate goals. As our industry associations represent us in the public debate, we disclose where we agree with these positions and where they diverge from ours. It is of paramount importance to us that we maintain a dialogue with our associations to achieve an amicable solution. Where differences exist, dialogue enables us to take measures to close these gaps.</p> <p>In 2020, Bayer established an independent Sustainability Council (SC) to advise the BoM and the organization in all sustainability matters. The SC comprises internationally recognized experts representing a broad range of expertise, differing geographical origin and different genders. Besides supporting the further development of Bayer's business strategy as regards sustainability, another goal for the SC is to promote cooperation with networks in society, education, industry and politics. At the beginning of 2022, an ESG Committee was established within Bayer's Supervisory Board to deal with ecological and social responsibility matters and sustainable corporate governance. Within its scope of responsibility, the ESG Committee advises and oversees management and prepares possible resolutions by the Supervisory Board.</p> |
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(C12.3a) On what policy, law, or regulation that may impact the climate has your organization been engaging directly with policy makers in the reporting year?

ENG 1

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| Specify the policy, law, or regulation on which your organization is engaging with policy makers | Category of policy, law, or regulation that may impact the climate | Focus area of policy, law, or regulation that may impact the climate | Policy, law, or regulation geographic coverage | Country/area/region on the policy, law, or regulation applies to | Your organization's position on the policy, law, or regulation | Description of engagement with policy makers |
| Adjustments to the German Building Code (BauGB) to further expand investments in renewable energies | <ul style="list-style-type: none"> Carbon pricing, taxes, and subsidies | <ul style="list-style-type: none"> Other, please specify: Clean energy generation | <ul style="list-style-type: none"> National | <ul style="list-style-type: none"> Germany | <ul style="list-style-type: none"> Support with no exceptions | Bayer strongly advocates for legislative changes to accelerate the expansion of renewable energies in energy policy initiatives in line with our goal of becoming climate neutral in its operations by 2030. For this, discussions have taken place bilaterally with state ministry representatives, but also in the frame of CEO roundtables and industry association meetings with Chancellor Olaf Scholz, Economy Minister Robert Habeck, and several members of parliament and ministry officials on federal and state levels. In addition, Bayer's CEO has been part of the business delegations on the trips of Chancellor Scholz and Minister Habeck to Canada and Qatar. |
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| Details of exceptions (if applicable) and your organization's proposed alternative approach to the policy, law or regulation | | Have you evaluated whether your organization's engagement on this policy, law, or regulation is aligned with the goals of the Paris Agreement? | | | Please explain whether this policy, law or regulation is central to the achievement of your climate transition plan and, if so, how? | |
| n/a | | <ul style="list-style-type: none"> Yes, we have evaluated, and it is aligned | | | <p>In the wake of Germany's critical gas supply situation resulting from Russia's invasion of Ukraine and the sanctions imposed by EU countries against Russia, Bayer strongly advocates for legislative changes to accelerate the expansion of renewable energies in Germany in line with our goal of becoming climate neutral in its operations by 2030. Besides mid- and long-term energy policy initiatives, however, all levers that can be used in the short-term need to be deployed to enable rapid gas savings through the use of alternative energy sources. Bayer sees key levers in the following points, e.g.:</p> <ul style="list-style-type: none"> To further expand investments in renewable energies, such as photovoltaic plants, it is not sufficient to use the existing regulatory process compiled by regional plan, land-use plan, and land-development plan | |

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| | | <p>exclusively. Rather, more flexible procedures are needed for the creation of plants and facilities for the generation of renewable energies.</p> <ul style="list-style-type: none"> • Approving renewable energies on time: Following the public-law considerations of “nature on time”, the idea of “renewable energies on time” could be well combined with legally effective land-development plans for commercial and industrial areas, which have not or only partially been implemented structurally so far, as well as in outdoor areas. <p>Bayer supports regulatory frameworks and policy initiatives that both promote innovative low carbon and carbon neutral products, processes, value chains, and business models and strengthen industry competitiveness.</p> <p>Renewable energies are the basis for climate-neutral production. Climate neutrality will be achieved to a large extent by switching from fossil fuels to renewable energies. To foster the energy transition, governments need to ensure cost competitive alternatives to fossil fuels, to guarantee supply security of renewable energies, and to ensure the availability of adequate systems for purchasing renewable energies.</p> |
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ENG 3

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| Specify the policy, law, or regulation on which your organization is engaging with policy makers | Category of policy, law, or regulation that may impact the climate | Focus area of policy, law, or regulation that may impact the climate | Policy, law, or regulation geographic coverage | Country/area/region on the policy, law, or regulation applies to | Your organization's position on the policy, law, or regulation | Description of engagement with policy makers |
| Climate related measures under the U.S. Inflation Reduction Act | <ul style="list-style-type: none"> • Climate change mitigation | <ul style="list-style-type: none"> • Climate-related targets | <ul style="list-style-type: none"> • National | <ul style="list-style-type: none"> • US | <ul style="list-style-type: none"> • Support with no exceptions | <p>In the U.S., all our lobbying activity on climate change at the federal level has been publicly disclosed through the Secretary of the Senate and Clerk of the House. In 2022, we have engaged with stakeholders primarily concerning the climate change related provisions of the Inflation Reduction Act. We supported the climate change provisions as an important first step in the US meeting Bayer's climate targets. We also call for additional climate change investments and policies focused specifically on agriculture. Specifically, we continue to work with the U.S. Department of Agriculture to effectively</p> |

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| | | | | | | implement conservation program provisions that complement work already underway by private companies and farmers. |
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| Details of exceptions (if applicable) and your organization's proposed alternative approach to the policy, law or regulation | | | Have you evaluated whether your organization's engagement on this policy, law, or regulation is aligned with the goals of the Paris Agreement? | | Please explain whether this policy, law or regulation is central to the achievement of your climate transition plan and, if so, how? | |
| n/a | | | <ul style="list-style-type: none"> • Yes, we have evaluated, and it is aligned | | <p>Bayer supports regulatory frameworks and policy initiatives that both promote innovative low carbon and carbon neutral products, processes, value chains, and business models and strengthen industry competitiveness.</p> <p>It is crucial to maintain the openness of innovative ideas and to support new technologies. The transformation to carbon neutrality catalyzes the development of a range of new technologies, business models, and operational practices in industry and agriculture. It is our conviction that innovation for climate mitigation and adaption should be inclusive of all promising technologies. Openness – supported by a diversity of tools and methods and careful consideration of individual trade-offs and synergies that relate to specific local environments – strengthens resilient networks.</p> <p>A successful transformation requires an integrated consideration of social, environmental, and economic needs. Decisions on the use of a technology for mitigation should be based on an integrated analysis of social, environmental, and economic risks and benefits. Social acceptance is essential and prerequisite to secure both social inclusion and competitiveness future prosperity.</p> <p>Climate neutrality should be embedded into both industry and agriculture policy strategies to transform into a climate-neutral and sustainable economy while preserving competitiveness at the same time. Action plans to establish additional incentive mechanisms for good practices supporting GHG emission reduction targets in industry and agriculture are widely and globally necessary. Country-based measures always need to be in line with WTO framework and further international agreements.</p> | |

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| Specify the policy, law, or regulation on which your organization is engaging with policy makers | Category of policy, law, or regulation that may impact the climate | Focus area of policy, law, or regulation that may impact the climate | Policy, law, or regulation geographic coverage | Country/area/region on the policy, law, or regulation applies to | Your organization's position on the policy, law, or regulation | Description of engagement with policy makers |
| Revision of Regulation (EU) 2018/841 on greenhouse gas emissions (GHG) and removals from land use, land use change and forestry (LULUCF) in 2021/22 | <ul style="list-style-type: none"> Low-carbon products and services | <ul style="list-style-type: none"> Adaptation and/or resilience to climate change | <ul style="list-style-type: none"> Regional | <ul style="list-style-type: none"> EU27 | <ul style="list-style-type: none"> Support with no exceptions | <p>At the EU, Bayer publishes the main targeted legislative and policy initiatives and all contributions to public consultations, roadmaps as well as meetings with the political level at the European Commission in the EU Transparency Register. In 2022, we have mainly been involved in activities on carbon farming and carbon removal certification, such as contributions to public consultations on soil health, on the revision of the pollinators initiative, and on the certification of carbon removals as well as organizing and (co-)hosting events on Mitigating Climate Change, Fostering Biodiversity & Delivering on the Green Deal, How Can Carbon Farming Contribute to Europe's Climate Goals?, The Future of Food and Farming Summit 2022, and the Sustainable Future Week 2022..</p> <p>Bayer welcomes the revision's fresh focus on enhancing carbon sinks and the new sensitivity toward boosting carbon removals across the landscape and including agriculture. A strong carbon removal sector based on long-term sequestration in vegetation, soils and bio-based products is an important element to achieving net zero. We embrace the proposal and suggested to the Commission to strengthen the proposal by, e.g.:</p> <ul style="list-style-type: none"> Including a removal incentive mechanism into the current proposal. Ensure flexibility between member states to increase demand for removals. <p>Synchronize with the Common Agricultural Policy (CAP) to manage regulatory linkage with further carbon farming mechanisms</p> |
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| Details of exceptions (if applicable) and your organization's proposed alternative approach to the policy, law or regulation | | Have you evaluated whether your organization's engagement on this policy, law, or regulation is aligned with the goals of the Paris Agreement? | | | Please explain whether this policy, law or regulation is central to the achievement of your climate transition plan and, if so, how? | |

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| n/a | <ul style="list-style-type: none"> • Yes, we have evaluated, and it is aligned | <p>We have committed to a 30% reduction of the GHG footprint of the most emitting crop systems in the regions Bayer serves by 2030. We foster the adoption of climate-smart practices and technologies by our farming customers. Combining different levers to customize profitable tailored solutions such as high-yielding crop genetics, crop protection agents, water use efficiency, soil management tactics, and digital tools is key. Bayer works on enabling methodologies that contribute to the acceptance of farmers' contributions and facilitate and reward changes towards climate-smart agriculture. We want to advance a carbon-zero future for agriculture.</p> <p>We recognize that land-use change is one of the biggest contributors to GHG emissions in agriculture and must be limited to preserve biodiversity and avoid carbon emissions. We strongly encourage public and private sector investments in innovations that support sustainable intensification of food production and advocate for policies and foster market mechanisms that enable such innovations to provide opportunities for ecosystem diversity improvements and carbon removals due to the reduced land footprint of agriculture.</p> |
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[Add row]

(C12.3b) Provide details of the trade associations your organization engages with which are likely to take a position on any policy, law or regulation that may impact the climate.

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| Trade association | Is your organization's position on climate change consistent with theirs? | Has your organization influenced, or is your organization attempting to influence their position? | Describe how your organization's position is consistent with or differs from the trade association's position, and any actions taken to influence their position | Funding figure your organization provided to this trade association in the reporting year, (currency as selected in C0.4) | Describe the aim of your organization's funding | Have you evaluated whether your organization's engagement with this trade association is aligned with the goals of the Paris Agreement? |
| <ul style="list-style-type: none"> • German Chemical Industry Association (VCI) | <ul style="list-style-type: none"> • Mixed | <ul style="list-style-type: none"> • Yes, and they have changed their position | <p>PREAMBLE: Bayer started publishing its Industry Association Climate Review in 2021. The review assesses the alignment of our industry associations' climate positions with our own commitments on climate change (65 organizations were included in the analysis). In 2022, Bayer published an interim Industry Association Climate Review –</p> | 600,000 | The value in the funding represents an approximation of the membership fees. The funding is the membership fee which is determined | <ul style="list-style-type: none"> • Yes, we have evaluated, and it is aligned |

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| | | | <p>Engagement Update. The next comprehensive review is planned for Q4/2023.</p> <p>i) POSITION OF THE ASSOCIATION: The VCI acknowledges the commitment of the chemical industry in Germany to sustainability and promotes the sustainable development in companies. The VCI holds the position that, with its products and with its efficient co-generation plants, the chemical industry is contributing to sustainable development and climate change mitigation. Furthermore, the VCI is committed to international standards for sustainability and works closely with global organizations for the promotion of sustainable development, climate mitigation and resource efficiency.</p> <p>ii) CONSISTENCY: In 2021, Bayer published an Industry Association Climate Review for the first time. This report compares the climate policy positions of our industry associations with our own climate goals. As our industry associations represent us in the public debate, we disclose where we agree with these positions and where they diverge from ours.</p> <ol style="list-style-type: none"> 1. Two key criteria were used to gauge scope for alignment, with related sub-criteria for consideration: Explicitly publicly support alignment with the Paris Agreement (or not) 2. Does not contravene relevant policies that Bayer has <p>For further details regarding sub-criteria please see C-FI and the full report. The next review takes place in Q4/2023.</p> <p>In case of the VCI the positions of VCI and Bayer are PREDOMINANTLY ALIGNED. Partial misalignment exists in criteria 1.3, 2.4 and 2.5.</p> <p>iii) ATTEMPT TO INFLUENCE: Instances of misalignment between Bayer's climate policy positions and those of an association identified in our assessment will make that organization a priority for Bayer to engage with. In this process of engagement Bayer will examine and understand differences in the policy positions. Furthermore, Bayer</p> | | <p>based on the revenue of the given year. We are part of the association since the VCI is the main chemical association in Germany and it therefore represents the industry interests towards politicians, authorities, and other relevant stakeholders. Furthermore, it offers a platform for best-practice sharing within the industry.</p> | |
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| | | | <p>will seek to take a more active role to influence a change in policy at the association.</p> <p>Bayer is involved with the VCI regarding important issues related to the German chemical industry, including climate change, and is influencing the association through active involvement in relevant committees and working groups. Bayer's CEO serves as vice-president of the VCI.</p> | | | |
| <ul style="list-style-type: none"> The Federation of German Industries (BDI) | <ul style="list-style-type: none"> Mixed | <ul style="list-style-type: none"> Yes, and they have changed their position | <p>i) POSITION OF THE ASSOCIATION: The BDI generally supports ambitious and effective climate protection in Germany, the EU and worldwide. The BDI is strongly involved in the discussions regarding resource efficiency in the circular economy.</p> <p>ii) CONSISTENCY: In 2021 Bayer published an Industry Association Climate Review for the first time. This report compares the climate policy positions of our industry associations with our own climate goals. As our industry associations represent us in the public debate, we disclose where we agree with these positions and where they diverge from ours.</p> <p>Two key criteria were used to gauge scope for alignment, with related sub-criteria for consideration:</p> <ol style="list-style-type: none"> Explicitly publicly support alignment with the Paris Agreement (or not) Does not contravene relevant policies that Bayer has <p>For further details regarding sub-criteria please see C-FI and the full report. The next review takes place in Q4/2023.</p> <p>The positions of BDI and Bayer are PREDOMINANTLY ALIGNED. Partial misalignment exists in criteria 1.2 and 1.3.</p> <p>iii) ATTEMPT TO INFLUENCE: Instances of misalignment between Bayer's climate policy positions and those of an association identified in our assessment will make that organization a priority for Bayer to engage with. In this process of engagement Bayer will examine and understand differences in the policy positions. Furthermore, Bayer</p> | 0 | <p>There is no direct membership fee to the BDI since the sector specific industry associations such as the VCI are member of the BDI.</p> <p>We are engaged in the association since the BDI is an important industry association in Germany and it therefore represents interests towards politicians, authorities, and other relevant stakeholders. Furthermore, it offers a platform for best-practice sharing within the industry.</p> | <ul style="list-style-type: none"> Yes, we have evaluated, and it is aligned |

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| | | | <p>will seek to take a more active role to influence a change in policy at the association.</p> <p>Bayer is involved with the BDI on issues important to the German industry, including climate change related issues. Bayer's CEO serves as member of the Presidential Board of the BDI. In addition, Bayer provided significant input in the past e.g. in developing BDI positions regarding electricity market design.</p> | | | |
| <ul style="list-style-type: none"> U.S. Chamber of Commerce | <ul style="list-style-type: none"> Mixed | <ul style="list-style-type: none"> Yes, and they have changed their position | <p>i) POSITION OF THE ASSOCIATION: The Chamber (USCC) supports U.S. participation in the Paris Agreement. It calls on policymakers to rise to the challenge of climate change by leveraging business leadership and expertise, America's energy edge, and ability to innovate. USCC believes that an effective climate policy should leverage the power of business, maintain U.S. leadership in climate science, embrace technology and innovation to manage climate risks and reduce GHG emissions, aggressively pursue greater energy efficiency, promote climate resilient infrastructure, support trade in U.S. climate technologies and products, and encourage international cooperation.</p> <p>ii) CONSISTENCY: In 2021 Bayer published an Industry Association Climate Review for the first time. This report compares the climate policy positions of our industry associations with our own climate goals. As our industry associations represent us in the public debate, we disclose where we agree with these positions and where they diverge from ours.</p> <p>Two key criteria were used to gauge scope for alignment, with related sub-criteria for consideration:</p> <ol style="list-style-type: none"> Explicitly publicly support alignment with the Paris Agreement (or not) Does not contravene relevant policies that Bayer has <p>For further details regarding sub-criteria please see C-FI and the full report. The next review takes place in Q4/2023.</p> <p>The positions of the Chamber and Bayer are PREDOMINANTLY ALIGNED. Material</p> | 40,000 | <p>The value in the funding represents an approximation of the membership fees. The funding is the membership fee which is paid in USD and was translated with the exchange rate of from April 2023.</p> <p>Besides interests in general industry topics such as innovation and trade we are also participating in the U.S. Chamber of commerce for special topics such as US China engagements, sustainability, data protection and regulatory coherence.</p> | <ul style="list-style-type: none"> Yes, we have evaluated, and it is aligned |

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| | | | <p>misalignment exists in 1.2 and partial misalignment in 2.3.</p> <p>Updates on material misalignment 1.2: Association position in 2022: There are some noticeable changes in the position and communication of the association, such as a stronger focus on reducing greenhouse gas emissions at the pace of innovation like renewables, hydrogen, carbon capture and removal among others, that are seen as enormous opportunities. However, the U.S. Chamber still does not publicly support the net zero target.</p> <p>Bayer position: Bayer supports a just approach to the transition to net zero; however, delaying actions that will enforce reductions of GHG emissions risks missing the crucial deadlines outlined in the Paris Agreement. Bayer's position is that enforcement measures, as well as voluntary reductions and technological innovations can all play a role in the transition to a net zero world.</p> <p>iii) ATTEMPT TO INFLUENCE: Instances of misalignment between Bayer's climate policy positions and those of an association identified will make that organization a priority for Bayer to engage with. In this process of engagement Bayer will examine and understand differences in the policy positions. Bayer works collaboratively with the U.S. Chamber to clarify and explain nuance around policy positions and to encourage positive steps for climate-change technologies whenever possible. In addition, we have asked them to highlight their commitment to the Paris Agreement and to create a common set of standards for companies before they offer any criticisms.</p> | | | |
| <ul style="list-style-type: none"> Other, please specify: CropLife America | <ul style="list-style-type: none"> Mixed | <ul style="list-style-type: none"> Yes, and they have changed their position | <p>i) POSITION OF THE ASSOCIATION: CropLife America (CLA) supports environmental policies that are based on sound science, best practices and maintain farmers and companies' competitive advantage. CLA has no official position but supports the science behind climate change and the role of agriculture and plant science to reduce emissions and build climate resiliency.</p> | 13,000 | <p>The value in the funding represents an approximation of the membership fee We are part of the association since CLA is one of the main agricultural associations in</p> | <ul style="list-style-type: none"> Yes, we have evaluated, and it is aligned |

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| | | | <p>ii) CONSISTENCY: In 2021 Bayer published an Industry Association Climate Review for the first time. This report compares the climate policy positions of our industry associations with our own climate goals. As our industry associations represent us in the public debate, we disclose where we agree with these positions and where they diverge from ours.</p> <p>Two key criteria were used to gauge scope for alignment, with related sub-criteria for consideration:</p> <ol style="list-style-type: none"> 1. Explicitly publicly support alignment with the Paris Agreement (or not) 2. Does not contravene relevant policies that Bayer has <p>For further details regarding sub-criteria please see C-FI and the full report. The next review takes place in Q4/2023.</p> <p>The positions of CLA and Bayer are PREDOMINANTLY ALIGNED. Partial misalignment exists in criteria 2.1.</p> <p>iii) ATTEMPT TO INFLUENCE: Instances of misalignment between Bayer's climate policy positions and those of an association identified in our assessment will make that organization a priority for Bayer to engage with. In this process of engagement Bayer will examine and understand differences in the policy positions. Furthermore, Bayer will seek to take a more active role to influence a change in policy at the association.</p> <p>Bayer is involved with CropLife America on issues important to the crop industry, including climate change. The President of North America Crop Science serves as Board Member of CropLife America.</p> | | America which represents the industry interests towards politicians, authorities, and other relevant stakeholders. Furthermore, it offers a platform for best-practice sharing within the industry. | |
| <ul style="list-style-type: none"> • Other, please specify: Agrofarma (Italy) | <ul style="list-style-type: none"> • Mixed | <ul style="list-style-type: none"> • Yes, and they have changed their position | <p>i) POSITION OF THE ASSOCIATION: While the association understands the need to reduce the environmental impact of industry practices and the necessity of policy changes with respect to this issue it shows no explicit commitment or positions to climate goals.</p> <p>ii) CONSISTENCY:</p> | 100,000 | <p>The value in the funding represents an approximation of the membership fees</p> <p>We are participating in the association because Agrofarma</p> | <ul style="list-style-type: none"> • Yes, we have evaluated, and it is aligned |

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| | | | <p>In 2021 Bayer published an Industry Association Climate Review for the first time. This report compares the climate policy positions of our industry associations with our own climate goals. As our industry associations represent us in the public debate, we disclose where we agree with these positions and where they diverge from ours.</p> <p>Two key criteria were used to gauge scope for alignment, with related sub-criteria for consideration:</p> <ol style="list-style-type: none"> 1. Explicitly publicly support alignment with the Paris Agreement (or not) 2. Does not contravene relevant policies that Bayer has <p>For further details regarding sub-criteria please see C-FI and the full report. The next review takes place in Q4/2023.</p> <p>Due to the absence of significant positions there is no alignment and a partial misalignment in criteria 1.1.</p> <p>Details on partial misalignment 1.1: Association position in 2021: The association acknowledges the fight against climate change and the reduction of GHG emissions, they do emphasize the relevancy of the industry's competitiveness regarding possible legislation.</p> <p>Bayer position: As a science-based company, Bayer has recognized the risks posed by global climate change. We aim to continuously reduce GHG emissions within our company and along our entire value chain in accordance with the UN SDGs and the Paris Agreement to limit global warming to 1.5 degrees Celsius. We are dedicated to supporting and enabling a climate policy that is in harmony with our ambitious climate targets and therefore advocate for decarbonization measures in line with meeting the goals of the Paris Agreement. This means we seek to actively support regulatory frameworks and policy initiatives that both promote innovative low carbon and carbon neutral products, processes, value chains and business models, and strengthen industry competitiveness.</p> | | <p>is the main association representing the producers of crop protection products in Italy.</p> | |
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| | | | <p>iii) ATTEMPT TO INFLUENCE: Instances of misalignment between Bayer's climate policy positions and those of an association identified in our assessment will make that organization a priority for Bayer to engage with. In this process of engagement Bayer will examine and understand differences in the policy positions. Furthermore, Bayer will seek to take a more active role to influence a change in policy at the association. To further increase our opportunities to drive change, the country's business leader for Bayer Crop Science has assumed the role of Vice President of Agrofarma in 2022, which will allow us to provide a more leading role within both associations to increase awareness and advocacy for climate-friendly policies.</p> | | | |
| <ul style="list-style-type: none"> Other, please specify: AmCham Mexico | <ul style="list-style-type: none"> Mixed | <ul style="list-style-type: none"> Yes, and they have changed their position | <p>i) POSITION OF THE ASSOCIATION: The association acknowledges climate goals, however mostly for competitiveness reasons rather than to advocate for climate.</p> <p>ii) CONSISTENCY: In 2021 Bayer published an Industry Association Climate Review for the first time. This report compares the climate policy positions of our industry associations with our own climate goals. As our industry associations represent us in the public debate, we disclose where we agree with these positions and where they diverge from ours.</p> <p>Two key criteria were used to gauge scope for alignment, with related sub-criteria for consideration:</p> <ol style="list-style-type: none"> Explicitly publicly support alignment with the Paris Agreement (or not) Does not contravene relevant policies that Bayer has <p>For further details regarding sub-criteria please see C-FI and the full report. The next review takes place in Q4/2023.</p> <p>The positions of AmCham and Bayer are PARTIALLY MISALIGNED. Partial misalignment exists in criteria 1.1., 1.3., 2.1. and 2.3.</p> <p>Details on partial misalignment 1.1: Association position in 2021:</p> | 3,000 | <p>The value in the funding represents an approximation of the membership fees.</p> <p>We are participating in the association as it gives us a lot of interactions with other companies related to agriculture and pharma as well as sustainability objectives in the country. There are a lot of companies that, even though their corporate offices are in other countries, participate in this chamber, as long as they have offices in the USA which allows industry exchanges.</p> | <ul style="list-style-type: none"> Yes, we have evaluated, and it is aligned |

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| | | | <p>AmCham is supportive of Paris agreement but mostly uses it as an argument to ensure competitiveness between public and private sector rather than to advocate for climate.</p> <p>Bayer position: As a science-based company, Bayer has recognized the risks posed by global climate change. We aim to continuously reduce GHG emissions within our company and along our entire value chain in accordance with the UN SDGs and the Paris Agreement to limit global warming to 1.5 degrees Celsius. We are dedicated to supporting and enabling a climate policy that is in harmony with our ambitious climate targets and therefore advocate for decarbonization measures in line with meeting the goals of the Paris Agreement. This means we seek to actively support regulatory frameworks and policy initiatives that both promote innovative low carbon and carbon neutral products, processes, value chains and business models, and strengthen industry competitiveness.</p> <p>iii) ATTEMPT TO INFLUENCE: Instances of misalignment between Bayer's climate policy positions and those of an association identified in our assessment will make that organization a priority for Bayer to engage with. In this process of engagement Bayer will examine and understand differences in the policy positions. Furthermore, Bayer will seek to take a more active role to influence a change in policy at the association.</p> | | | |
| <ul style="list-style-type: none"> Other, please specify: Federation of Indian Chambers of Commerce and Industry (FICCI) | <ul style="list-style-type: none"> Mixed | <ul style="list-style-type: none"> Yes, and they have changed their position | <p>i) POSITION OF THE ASSOCIATION: The association acknowledges the need of the reduction of GHG emissions, the transition to net zero and the importance of new technologies. However, it does not explicitly commit to the goals of the Paris Agreement.</p> <p>ii) CONSISTENCY: In 2021 Bayer published an Industry Association Climate Review for the first time. This report compares the climate policy positions of our industry associations with our own climate goals. As our industry associations represent us in the public</p> | 10,000 | <p>The value in the funding represents an approximation of the membership fees.</p> <p>We are members of this association to get access to high-level dignitaries in order to engage in the political process.</p> | <ul style="list-style-type: none"> Yes, we have evaluated, and it is aligned |

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| | | | <p>debate, we disclose where we agree with these positions and where they diverge from ours.</p> <p>Two key criteria were used to gauge scope for alignment, with related sub-criteria for consideration:</p> <ol style="list-style-type: none"> 1. Explicitly publicly support alignment with the Paris Agreement (or not) 2. Does not contravene relevant policies that Bayer has <p>For further details regarding sub-criteria please see C-FI and the full report. The next review takes place in Q4/2023.</p> <p>The positions of FICCI and Bayer are PREDOMINANTLY ALIGNED. Partial misalignment exists in criteria 1.1 and 2.3.</p> <p>Details on partial misalignment under 1.1: Association position in 2021: The association acknowledges the need of the reduction of GHG emissions but does not commit explicitly to the goals of the Paris Agreement and rather highlights the need for innovation. Bayer position: As a science-based company, Bayer has recognized the risks posed by global climate change. We aim to continuously reduce GHG emissions within our company and along our entire value chain in accordance with the UN SDGs and the Paris Agreement to limit global warming to 1.5 degrees Celsius. We are dedicated to supporting and enabling a climate policy that is in harmony with our ambitious climate targets and therefore advocate for decarbonization measures in line with meeting the goals of the Paris Agreement. This means we seek to actively support regulatory frameworks and policy initiatives that both promote innovative low carbon and carbon neutral products, processes, value chains and business models, and strengthen industry competitiveness.</p> <p>iii) ATTEMPT TO INFLUENCE: Instances of misalignment between Bayer's climate policy positions and those of an association identified in our assessment will make that organization a priority for Bayer to engage with. In this process of</p> | | <p>Furthermore, it is a platform that allows industry exchange, collaboration and thought leadership.</p> | |
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| | | | engagement Bayer will examine and understand differences in the policy positions. Furthermore, Bayer will seek to take a more active role to influence a change in policy at the association. To further increase our opportunities to drive change, Bayer has recently increased its engagement in FICCI's environment sub-committee. | | | |
|--|--|--|--|--|--|--|

[Add row]

(C12.3c) Provide details of the funding you provided to other organizations or individuals in the reporting year whose activities could influence policy, law, or regulation that may impact the climate.

| 1 | 2 | 3 | 4 | 5 |
|--|--|---|--|---|
| Type of organization or individual | State the organization or individual to which you provided funding | Funding figure your organization provided to this organization or individual in the reporting year (currency as selected in C0.4) | Describe the aim of this funding and how it could influence policy, law or regulation that may impact the climate | Have you evaluated whether this funding is aligned with the goals of the Paris Agreement? |
| <ul style="list-style-type: none"> Private company | <p>POLITICO, a global nonpartisan politics and policy news organization, launched in Europe in April 2015. POLITICO Europe is a subsidiary of Axel Springer SE.</p> | 500,000 | <p>We sponsored or co-organized jointly with POLITICO Europe the climate-related events titled How Can Carbon Farming Contribute to Europe's Climate Goals?, The Future of Food and Farming Summit 2022, and the Sustainable Future Week 2022. POLITICO was convening top EU policymakers, farmers and experts for the second chapter of its Drive Sustainable Progress series to explore the pathway to green Europe's agricultural system.</p> | <ul style="list-style-type: none"> Yes, we have evaluated, and it is aligned |
| <ul style="list-style-type: none"> Other, please specify: Technology Platform | <p>SusChem, a European Technology Platform for Sustainable Chemistry, which brings together industry, academia, governmental policy groups and the wider society</p> | 0 | <p>The Head of Process Technology Development at Bayer's corporate function Engineering & Technology represented Bayer as a member of the SusChem Board. Bayer supports SusChem's vision for a competitive and innovative Europe where sustainable chemistry and biotechnology provide solutions for future generations, especially to initiate and inspire European chemical and biochemical innovation to respond effectively to global challenges by providing sustainable solutions. The new SusChem Strategic</p> | <ul style="list-style-type: none"> Yes, we have evaluated, and it is aligned |

| | | | | |
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| | | | Innovation and Research Agenda (SIRA) focuses on technology priorities towards 2030, across Advanced Materials, Advanced Processes as well as the implementation and co-development of Enabling Digital Technologies. Horizontal topics are equally addressed, including sustainability assessment innovation, safe and sustainable-by-design for chemicals and materials, as well as building on education and skills capacity in Europe. | |
| <ul style="list-style-type: none"> Other, please specify: business network founded on the initiative of the Federation of German Industries | econsense - a German business network founded on the initiative of the Federation of German Industries with the goal to provide a dialogue platform and think tank to advance sustainable development in business | 20,000 | <p>Bayer is an active member of econsense. Focus topics were the analysis of the European Green Deal and the German Climate Protection Law, the implementation of TCFD recommendations, particularly, scenario analysis, and the development of science-based targets.</p> <p>Bayer actively contributes to the work in several econsense groups e.g. Environmental & Climate Issues, Reporting & Rating, SDGs & Digital Transformation and Sustainability in the Supply Chain to promote sustainability in the business community and enable best-practice sharing for a dialogue with stakeholders in politics, science and business.</p> <p>The disclosed figure is an approximate value.</p> | <ul style="list-style-type: none"> Yes, we have evaluated, and it is aligned |

[Add row]

Communications

(C12.4) Have you published information about your organization’s response to climate change and GHG emissions performance for this reporting year in places other than in your CDP response? If so, please attach the publication(s).

| 1 | 2 | 3 | 4 | 5 | 6 |
|---|--|--------------------------|--|--|---|
| Publication | Status | Attach the document | Page/Section reference | Content elements | Comment |
| <ul style="list-style-type: none"> In mainstream reports | <ul style="list-style-type: none"> Complete | Bayer Annual Report 2022 | The chapter “1.7 Environmental Protection and Safety” of Bayer’s Annual report 2022 on pages 79-82 includes Bayer’s GHG EMISSIONS PERFORMANCE and ENERGY CONSUMPTION. Furthermore, Bayer’s Combined Management Report on pages 30-82 includes a description of our sustainability strategy and | <ul style="list-style-type: none"> Governance Strategy Risks & opportunities Emissions figures Emission targets | Bayer’s Annual Report includes descriptions of our sustainability approach. This is integrated in Bayer’s Management Report and verified by Deloitte as part of the reasonable assurance process of Bayer’s Annual Report 2022. The sustainability information integrated in the report |

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| | | | governance (incl. climate), our emission targets and on pages 112-127 relevant risks and opportunities. In this chapter, Bayer depicts its strategy and efforts regarding sustainability and climate protection. | <ul style="list-style-type: none"> Other metrics | includes the content elements described in the previous column. |
| <ul style="list-style-type: none"> In voluntary sustainability report | <ul style="list-style-type: none"> Complete | Bayer Sustainability Report 2022 | The chapter “7. Climate Protection” of Bayer’s Sustainability Report 2022 on p. 100-109 includes Bayer’s GHG EMISSIONS PERFORMANCE and response to CLIMATE CHANGE including Bayer’s climate protection efforts. Furthermore, Bayer’s Sustainability Report includes a description of our sustainability strategy incl. our climate strategy and targets (p. 5-12 and 22-36). Climate-related risks and opportunities are described in our Climate Protection chapter (p. 100ff). | <ul style="list-style-type: none"> Governance Strategy Risks & opportunities Emissions figures Emission targets Other metrics Other, please specify: Environmental incidents | With the Sustainability Report, Bayer aims to provide transparent and in-depth insights into both its sustainability strategy and its sustainability performance. The report supplements the non-financial statement pursuant to the CSR Directive Implementation Act (CSR-RUG) that is published in the combined management report of the Annual Report 2022. This Sustainability Report is verified by Deloitte with limited assurance. |
| <ul style="list-style-type: none"> In voluntary sustainability report | <ul style="list-style-type: none"> Complete | BAYER CROP SCIENCE SUSTAINABILITY PROGRESS REPORT 2022 | The chapter 3 “Reducing Agriculture’s Greenhouse Gas Emissions” of Bayer’s Crop Science Sustainability Progress Report on p. 31ff. measures and solutions to achieve our target reducing the greenhouse gas footprint of crop production where our products are used by 30% by 2030 are described. | <ul style="list-style-type: none"> Strategy Risks & opportunities Emission targets Other metrics | The Crop Science Sustainability Progress Report complements our annual Bayer Sustainability Report. It focuses on the Crop Science division’s specific contributions toward shaping a sustainable future for agriculture. While climate change is a huge concern for our world – and with farmers on the front lines – agriculture impacts our environment in other ways too, such as contributing to biodiversity decline, excessive water use and pollution, as well as health and safety issues. These diverse challenges form the basis for our sustainability focus areas – each of which is the theme of a dedicated chapter in the report. The Progress Report underscores our commitment to transparency, partnership and dialogue. |
| <ul style="list-style-type: none"> Other, please specify: Sustainability Website https://www.bayer.com/en/sustainability/climate-protection | <ul style="list-style-type: none"> Complete | <pdf printout of the website> | In the section Climate Protection of our Sustainability Website Bayer’s position to climate change is explained and discussed. Further details of our climate-related targets, respective governance and engagements are disclosed. | <ul style="list-style-type: none"> Governance Strategy Emissions figures Emission targets Other metrics | With the Sustainability Website, Bayer aims to provide transparent and in-depth insights into both its sustainability strategy and its sustainability performance. The website supplements the non-financial reporting in our Annual Report and the Sustainability Report. The website is used to communicate updates on our climate-related activities swiftly. |

[Add row]

Industry collaboration

(C12.5) Indicate the collaborative frameworks, initiatives and/or commitments related to environmental issues for which you are a signatory/member.

| 1 | 2 |
|--|--|
| Environmental collaborative framework, initiative and/or commitment | Describe your organization's role within each framework, initiative and/or commitment* |
| <ul style="list-style-type: none"> • Business Ambition for 1.5C • Climate Action 100+ • UN Global Compact | <p>Business Ambition for 1.5C: Bayer has undertaken to achieve a net zero target for greenhouse gas emissions throughout the entire value chain by 2050 or earlier. As an external expression of commitment to net zero greenhouse gas emissions, the company also signed the Business Ambition for 1.5 °C, a campaign of the SBTi in partnership with the UN Global Compact and the We Mean Business Coalition.</p> <p>Climate Action 100+: In line with our goals, we critically scrutinize our memberships in relevant industry associations and their positions as regards climate policy measures. The analysis forms the basis for Bayer's further efforts to advocate for scientifically founded policies to combat climate change through its member associations. In developing this approach, we have worked together with Climate Action 100+, an investor initiative that cooperates with the world's biggest industrial companies on the issue of climate change.</p> <p>UN Global Compact: Bayer has been among the first signatories of the United Nations Global Compact and their 10 principles in 2000. Bayer will continue to show the way as a LEAD company in the United Nations Global Compact. We believe the UNGC plays an important role in the delivery of the Sustainable Development Goals and that multisector engagement is crucial to do so. Over the past decade we have steadily expanded our commitment to the Global Compact. For example, we became a signatory to the CEO Water Mandate and the Caring for Climate initiative. And we have signed the Women's Empowerment Principles, a set of seven principles governing gender equality that sum up how women can be strengthened in the workplace, on the employment market and in the community. In 2019, we joined the Science Based Target Initiative and thus support ambitious goals with respect to the protection of water resources and the climate.</p> |

C15 Biodiversity

Biodiversity

(C15.1) Is there board-level oversight and/or executive management-level responsibility for biodiversity-related matters within your organization?

| 1 | 2 |
|---|--|
| Board-level oversight and/or executive management-level responsibility for biodiversity-related issues | Description of oversight and objectives relating to biodiversity* |
| <ul style="list-style-type: none"> • Yes, both board-level oversight and executive management-level responsibility | <p>The highest level of responsibility for sustainability issues incl. biodiversity 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 ACTIVITIES FOCUSING ON THE RESPONSIBLE USE OF NATURAL RESOURCES TO CONSERVE AND PROTECT ECOSYSTEMS, SPECIES AND GENETIC BIODIVERSITY.</p> <p>In his role as Chief Sustainability Officer, the Chairman of the Board of Management is supported by the Public Affairs, Science & Sustainability (PASS) enabling function. He is the superior of the Head of Public Affairs, Science & Sustainability who is responsible for Bayer's sustainability strategy including Bayer's BIODIVERSITY STRATEGY. Relevant topics in the field of sustainability incl. biodiversity topics are discussed during their regular meetings.</p> <p>Biodiversity is an interdisciplinary topic that affects several areas of Bayer as well as our entire value chain. Therefore, activities at Bayer focus on the responsible use of natural resources to conserve and protect ecosystems, species and genetic biodiversity. Active ingredients for pharmaceutical development and the agriculture sector benefit especially from biodiversity conservation and enhancement. We have spelled out this stance in our Position on Conservation and Restoration of Biodiversity in Agriculture and Forestry.</p> <p>Bayer is committed to the objectives of the United Nations' Convention on Biological Diversity (CBD), including the fair and equitable sharing of benefits arising from the utilization of genetic resources, as well as the International Treaty on Plant Genetic Resources for Food and Agriculture of the FAO, which prescribes the balanced and fair division of use of genetic resources.</p> <p>Deforestation is one of the climate change and biodiversity loss drivers, with complex root causes and land use dynamics. Globally, Bayer has made a public commitment for net-zero deforestation in its supply chain and aspires to become a positive impact generator on nature by assuming a leading role on forest protection.</p> <p>Through a project initiated in May 2022, 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> |

(C15.2) Has your organization made a public commitment and/or endorsed any initiatives related to biodiversity?

| 1 | 2 | 3 |
|--|--|---|
| Indicate whether your organization made a public commitment or endorsed any initiatives related to biodiversity | Biodiversity-related public commitments* | Initiatives endorsed* |
| <ul style="list-style-type: none"> • Yes, we have made public commitments and publicly endorsed initiatives related to biodiversity | <ul style="list-style-type: none"> • Other, please specify: position on biodiversity, position on deforestation, view on insect decline | <ul style="list-style-type: none"> • SDG |

(C15.3) Does your organization assess the impacts and dependencies of its value chain on biodiversity?

| 0 | 1 | 2 | 4 | 5 |
|------------------------------|--|---|---|--|
| Type of assessment | Indicate whether your organization undertakes this type of assessment | Value chain stage(s) covered* | Tools and methods to assess impacts and/or dependencies on biodiversity* | Please explain how the tools and methods are implemented and provide an indication of the associated outcome(s)* |
| Impacts on biodiversity | <ul style="list-style-type: none"> • Yes | <ul style="list-style-type: none"> • Direct operations • Upstream • Downstream | <ul style="list-style-type: none"> • IBAT – Integrated Biodiversity Assessment Tool | <p>Better understanding the root causes of deforestation in the Amazon-Cerrado regions in Brazil helped us to shape our forest protection strategy as briefly described above.</p> <p>Assessment in context of Forest Protection Strategy: Analysing the root causes of deforestation (legal and illegal) using Source: 1 - MapBiomas for 2012-2019 (2022), - Terrabrasilis for 2020-2021 (2022)</p> |
| Dependencies on biodiversity | <ul style="list-style-type: none"> • Yes | <ul style="list-style-type: none"> • Direct operations | <ul style="list-style-type: none"> • Other, please specify: WWF Biodiversity Risk Filter | <p>We are currently using the WWF Biodiversity Risk Filter to assess Crop Science production sites.</p> |

(C15.4) Does your organization have activities located in or near to biodiversity- sensitive areas in the reporting year?

- Yes

(C15.4a) Provide details of your organization’s activities in the reporting year located in or near to biodiversity-sensitive areas.

| 1 | 2 | 3 | 4 | 5 |
|---|----------------------|--|---|--|
| Classification of biodiversity-sensitive area | Country/area | Name of the biodiversity-sensitive area | Proximity | Briefly describe your organization’s activities in the reporting year located in or near to the selected area |
| <ul style="list-style-type: none"> • Other biodiversity sensitive area, please | Australia / Pinkenba | Moreton Bay | <ul style="list-style-type: none"> • Up to 10 km | Crop Science production site |

| | | | | |
|---|------------------------------------|---------------------------------|---|---|
| specify: Ramsar Site, Wetland of International Importance | | | | |
| <ul style="list-style-type: none"> Other biodiversity sensitive area, please specify: Ramsar Site, Wetland of International Importance | Belgium / Antwerp | Schorren van de Beneden Schelde | <ul style="list-style-type: none"> Up to 10 km | Crop Science production site |
| <ul style="list-style-type: none"> UNESCO World Heritage site | Brazil / Cascavel AD | Parque Nacional do Iguçu | <ul style="list-style-type: none"> Up to 10 km | Crop Science R&D site |
| <ul style="list-style-type: none"> Other biodiversity sensitive area, please specify: UNESCO-MAB Biosphere Reserve | Brazil / Luis Eduardo Magalhaes AD | Cerrado | <ul style="list-style-type: none"> Up to 10 km | Crop Science R&D site |
| <ul style="list-style-type: none"> Other biodiversity sensitive area, please specify: UNESCO-MAB Biosphere Reserve | Brazil / Petrolina | Caatinga | <ul style="list-style-type: none"> Up to 10 km | Crop Science Agricultural and Breeding station site |
| <ul style="list-style-type: none"> Other biodiversity sensitive area, please specify: UNESCO-MAB Biosphere Reserve | Brazil / Porto Nacional | Cerrado | <ul style="list-style-type: none"> Up to 10 km | Crop Science Agricultural and Breeding station site |
| <ul style="list-style-type: none"> Other biodiversity sensitive area, please specify: UNESCO-MAB Biosphere Reserve | Brazil / Rondonopolis | Pantanal | <ul style="list-style-type: none"> Up to 10 km | Crop Science Agricultural and Breeding station site |
| <ul style="list-style-type: none"> Other biodiversity sensitive area, please specify: UNESCO-MAB Biosphere Reserve | Canada / Guelph | Long Point Biosphere Reserve | <ul style="list-style-type: none"> Up to 10 km | Crop Science R&D site |

| | | | | |
|---|---------------------------------|------------------------------|---|---|
| <ul style="list-style-type: none"> Other biodiversity sensitive area, please specify: UNESCO-MAB Biosphere Reserve | Colombia / Barranquilla | Sierra Nevada de Santa Marta | <ul style="list-style-type: none"> Up to 10 km | Crop Science production site |
| <ul style="list-style-type: none"> Other biodiversity sensitive area, please specify: UNESCO-MAB Biosphere Reserve | Costa Rica / Heredia | Cordillera Volcanica Central | <ul style="list-style-type: none"> Up to 10 km | Consumer Health production site |
| <ul style="list-style-type: none"> Other biodiversity sensitive area, please specify: UNESCO-MAB Biosphere Reserve | Finland / Turku | Archipelago Sea Area | <ul style="list-style-type: none"> Up to 10 km | Pharmaceuticals production site |
| <ul style="list-style-type: none"> Other biodiversity sensitive area, please specify: UNESCO-MAB Biosphere Reserve | Finland / Turku - PM department | Archipelago Sea Area | <ul style="list-style-type: none"> Up to 10 km | Pharmaceuticals production site |
| <ul style="list-style-type: none"> Other biodiversity sensitive area, please specify: Ramsar Site, Wetland of International Importance | France / Mauguio - Montahut | Etangs palavasiens | <ul style="list-style-type: none"> Up to 10 km | Crop Science Agricultural and Breeding station site |
| <ul style="list-style-type: none"> Other biodiversity sensitive area, please specify: UNESCO-MAB Biosphere Reserve | Germany / Bitterfeld -Wolfen | Flusslandschaft Elbe | <ul style="list-style-type: none"> Up to 10 km | Consumer Health production site |
| <ul style="list-style-type: none"> Other biodiversity sensitive area, please specify: Ramsar Site, Wetland of International Importance | Italy / Acate | Biviere di Gela | <ul style="list-style-type: none"> Up to 10 km | Crop Science Agricultural and Breeding station site |
| <ul style="list-style-type: none"> Other biodiversity sensitive area, please | Italy / Garbagnate Milanese | Valle del Ticino | <ul style="list-style-type: none"> Up to 10 km | Pharmaceuticals production site |

| | | | | |
|---|-------------------------|------------------------------------|---------------|---|
| specify: UNESCO-MAB Biosphere Reserve | | | | |
| • Other biodiversity sensitive area, please specify: Ramsar Site, Wetland of International Importance | Italy / Latina Station | Lago di Fogliano | • Up to 10 km | Crop Science Agricultural and Breeding station site |
| • Other biodiversity sensitive area, please specify: Ramsar Site, Wetland of International Importance | Mexico / Chiapas | Parque nacional Cañón del Sumidero | • Up to 10 km | Crop Science seed production site |
| • Other biodiversity sensitive area, please specify: Ramsar Site, Wetland of International Importance | Mexico / Lerma | Ciénegas de Lerma Mexico | • Up to 10 km | Consumer Health production site |
| • Other biodiversity sensitive area, please specify: UNESCO-MAB Biosphere Reserve | Mexico / Zapopan | La Primavera | • Up to 10 km | Crop Science seed production site |
| • Other biodiversity sensitive area, please specify: Ramsar Site, Wetland of International Importance | Netherlands / Enkhuizen | Markermeer | • Up to 10 km | Crop Science production site |
| • Other biodiversity sensitive area, please specify: UNESCO-MAB Biosphere Reserve | South Africa / Brits | Magaliesberg Biosphere Reserve | • Up to 10 km | Crop Science production site |
| • Other biodiversity sensitive area, please | South Africa / Nigel | Blesbokspruit | • Up to 10 km | Crop Science production site |

| | | | | |
|---|---------------------------|--------------------------------------|---------------|---|
| specify: Ramsar Site, Wetland of International Importance | | | | |
| • Other biodiversity sensitive area, please specify: UNESCO-MAB Biosphere Reserve | South Africa / Oudtshoorn | Gouritz Cluster Biosphere Reserve | • Up to 10 km | Crop Science seed production site |
| • Other biodiversity sensitive area, please specify: UNESCO-MAB Biosphere Reserve | Spain / Almeria | Cabo de Gata-Nijar | • Up to 10 km | Crop Science Agricultural and Breeding station site |
| • Other biodiversity sensitive area, please specify: Ramsar Site, Wetland of International Importance | Spain / El Ejido | Paraje Natural Punta Entinas-Sabinar | • Up to 10 km | Crop Science Agricultural and Breeding station site |
| • Other biodiversity sensitive area, please specify: Ramsar Site, Wetland of International Importance | USA / Berkeley | San Francisco Bay Estuary | • Up to 10 km | Pharmaceuticals production site |
| • Other biodiversity sensitive area, please specify: UNESCO-MAB Biosphere Reserve | USA / Dona Ana County | Jornada Experimental Range | • Up to 10 km | Crop Science Agricultural and Breeding station site |
| • Other biodiversity sensitive area, please specify: Ramsar Site, Wetland of International Importance | USA / Emeryville CA | San Francisco Bay Estuary | • Up to 10 km | Pharmaceuticals R&D site |
| • Other biodiversity sensitive area, please | USA / San Francisco | San Francisco Bay Estuary | • Up to 10 km | Pharmaceuticals R&D site |

| | | | | |
|--|--|--|--|--|
| specify: Ramsar Site, Wetland of International Importance | | | | |
| 6 | 7 | 8 | | |
| Indicate whether any of your organization's activities located in or near to the selected area could negatively affect biodiversity | Mitigation measures implemented within the selected area* | Explain how your organization's activities located in or near to the selected area could negatively affect biodiversity, how this was assessed, and describe any mitigation measures implemented* | | |
| • Not assessed | - | - | | |
| • Not assessed | - | - | | |
| • Not assessed | - | - | | |
| • Not assessed | - | - | | |
| • Not assessed | - | - | | |
| • Not assessed | - | - | | |
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| • Not assessed | - | - |
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| • Not assessed | - | - |
| • Not assessed | - | - |
| • Not assessed | - | - |
| • Not assessed | - | - |
| • Not assessed | - | - |

(C15.5) What actions has your organization taken in the reporting year to progress your biodiversity-related commitments?

| 1 | 2 |
|---|---|
| Have you taken any actions in the reporting period to progress your biodiversity-related commitments? | Type of action taken to progress biodiversity-related commitments* |
| <ul style="list-style-type: none"> • Yes, we are taking actions to progress our biodiversity-related commitments | <ul style="list-style-type: none"> • Land/water management • Education & awareness • Land/water protection |

(C15.6) Does your organization use biodiversity indicators to monitor performance across its activities?

| 1 | 2 |
|---|--|
| Does your organization use indicators to monitor biodiversity performance? | Indicators used to monitor biodiversity performance |
| <ul style="list-style-type: none"> • No, we do not use indicators, but plan to within the next two years | n/a |

(C15.7) Have you published information about your organization’s response to biodiversity-related issues for this reporting year in places other than in your CDP response? If so, please attach the publication(s).

| 1 | 2 | 3 |
|--|---|--|
| Report type | Content elements* | Attach the document and indicate where in the document the relevant biodiversity information is located |
| <ul style="list-style-type: none"> In voluntary sustainability report or other voluntary communications | <ul style="list-style-type: none"> Content of biodiversity-related policies or commitments Governance Impacts on biodiversity Influence on public policy and lobbying Risks and opportunities Biodiversity strategy | <ul style="list-style-type: none"> Bayer Sustainability Report 2022, chapter 3.7 Biodiversity, p. 65 Bayer Crop Science Sustainability Progress Report 2022, chapter 05 Enhancing Biodiversity, p. 53 Bayer Biodiversity Website: https://www.bayer.com/en/agriculture/biodiversity |
| <ul style="list-style-type: none"> In mainstream financial reports | <ul style="list-style-type: none"> Content of biodiversity-related policies or commitments Governance Impacts on biodiversity Influence on public policy and lobbying Risks and opportunities Biodiversity strategy | <p>Bayer Annual Report 2022, pp. 77-78</p> <p>https://www.bayer.com/sites/default/files/2023-02/Bayer-Annual-Report-2022.pdf</p> |
| <ul style="list-style-type: none"> Other, please specify: reports published by the World Benchmarking Alliance (e.g. Nature and Biodiversity Benchmark) | <ul style="list-style-type: none"> Content of biodiversity-related policies or commitments Governance Impacts on biodiversity Details on biodiversity indicators Influence on public policy and lobbying Risks and opportunities Biodiversity strategy | <p>Nature Benchmark World Benchmarking Alliance</p> |

[Add row]

C16 Signoff

Further information

(C-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.

Comment to C4.3b:

To simplify reporting, we have consolidated different projects concerning the same activity in one row. Due to confidentiality reasons we cannot disclose all internal costs, therefore in some cases monetary savings and required investments include partial data.

Comment for C7.5:

For confidentiality reasons we report purchased and consumed electricity, heat, steam or cooling (MWh) as well as purchased and consumed low carbon electricity, heat, steam or cooling accounted in market-based approach (MWh) by region. Data for countries in EMEA region is summarized and reported under Germany. Data for countries in Americas region is summarized and reported under United States of America. Data for countries in Asia-Pacific region is summarized and reported under India. All countries not included in this question's list are summarized and reported under Rest of World.

Comment to C12.3b:

Two key criteria we're used to gauge scope for alignment, with related sub-criteria for consideration:

- Explicitly publicly support alignment with the Paris Agreement (or not)
 - The Paris Agreement and meeting its goals.
 - The transition to achieving net zero emissions, including an interim target.
 - Policies that enable the transition to net zero.
- Does not contravene relevant policies that Bayer has
 - Lowering GHG emissions per kg of harvested produce in major agricultural markets by 30% by 2030.
 - Promoting technologies and innovation that improve climate performance, including energy efficiency.
 - Sourcing 100% of procured electricity from renewable sources of energy by 2030.
 - Support for a market-based approaches to carbon pricing and trading.
 - Acknowledgment of climate-related trade measures within the rules-based international trade system.
 - Use of carbon offsetting and natural climate solutions to deliver net zero.

Signoff

*(C16.1) Provide details for the person that has signed off (approved) your CDP climate change 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">• Board chair |