



Modern Slavery Act Statement

for the financial year ending 31st December 2018

This statement is made in relation to Section 54 of the UK Modern Slavery Act 2015. The company's understanding of slavery and servitude, forced or compulsory labour and human trafficking is based on the definitions given in the Act.

This statement is made in respect of the supply chains of Bayer plc, Bayer CropScience Limited and Bayer Agriculture Limited. Until Bayer and Monsanto legacy systems are fully integrated, following the global acquisition of the Monsanto Group of companies by Bayer AG, Monsanto companies within the United Kingdom will continue to be covered by a separate Monsanto Group statement.

1. Organisation structure and supply chains:

Bayer is a Life Science company based in Germany with affiliates around the world. Our business portfolio is focused exclusively on the Life Sciences and on solving the major challenges of the future – from Pharmaceuticals to Consumer Health to Animal Health and Crop Science. No comparable company is similarly positioned to offer solutions for both health care and agriculture.

The operations are managed in three divisions – Pharmaceuticals, Consumer Health and Crop Science – and the Animal Health business unit. The corporate functions, Business Services and the service company Currenta support the operational business. To learn more about Bayer visit our Website www.bayer.com.

Bayer's operations in the UK are predominantly carried out through the Bayer AG affiliates, Bayer plc and Bayer CropScience Limited.

Bayer assumes its responsibility concerning social, ecological and ethical standards and how Bayer Group companies put into practice the principles of sustainable development in their daily operations.

Bayer expects all its suppliers and subcontractors to share the principles which are expressed in our Supplier Code of Conduct and which comprise an important component of supplier selection and evaluation. Relevant provisions from our Code for the purposes of this statement include:

- // no tolerance of child labour in Bayer's supply chain
- // no tolerance of slavery, servitude and forced or compulsory labour and human trafficking in our supply chain; bonded, indentured or involuntary prison labour is not accepted as well
- // suppliers will provide their employees with a workplace free of harsh and inhumane treatment
- // working hours for suppliers' employees will not exceed the maximum set by the applicable local law

We assess adherence to these principles before making final decisions around the issuing or renewal of supply contracts and have made our suppliers aware of the importance we attach to this.

Moreover, we expect our suppliers to replicate these standards further down the supply chain. If a supplier is in breach of these principles and cannot agree on an improvement plan or does not implement it, Bayer reserves the right to redetermine the continuation of the commercial relationship.

In the preparation of this statement, we have considered the Bayer supply chain and have found a limited number of instances where our business partners were acting in ways that could be construed as forcing people to work, including working hour violations and payment of less than the legally stipulated minimum wages. In each of the cases, we actively worked with our business partners to swiftly address, resolve and improve the situation for the workers going forward.

This Supplier Code of Conduct is made available to our suppliers with the goal of strengthening our mutual understanding of how sustainability should be practiced in day-to-day business including the advancement of efforts to contribute to the better health of people, animals and plants and in the expectation that our suppliers will seek to enforce the same principles within their own supply chains. To help our suppliers practice sustainability in their daily business, we have developed a "Supplier Sustainability Guidance," which is based on the Supplier Code of Conduct. This document provides examples of good practices and benchmarks which suppliers can use, and references such as the regulatory framework and standards governing Bayer's sustainability efforts.

As a member of the Pharmaceutical Supply Chain Initiative (PSCI) and the Together for Sustainability (TfS) Initiative we fully support their activities and principles on responsible supply chain management, including ethical business practices, human rights and working conditions.

An important topic is tackling child labour in the seed supply chain of the Crop Science Division. Bayer has taken systematic action for years to prevent child labour in the cotton, rice and vegetable seed supply chain through its multi-level Child Care Program (CCP) which commenced in India in 2007 and has since been expanded to other countries. The primary objective is getting children off the fields of contract seed production farmers and into school. Thanks to this diligent monitoring system we are achieving considerable success with eliminating child labour from our seed production activities. Our activities and progress is also validated during annual external audits.

2. Policies in relation to slavery and human trafficking

Bayer has established global policies on - amongst others – Corporate Compliance, Human Rights, Fairness and Respect at work and the Charter of Ethical Principles, our LIFE values, i.e. leadership, integrity, flexibility and efficiency, and the Supplier Code of Conduct. As we have not identified any significant instances of Modern Slavery within our business and supply chain, we do not maintain further separate policies in relation to those matters, nor provide stand-alone training on them to the majority of our staff.

We do have existing policies and procedures relating to grievances, disciplinary issues and whistleblowing. They are sufficient to allow and encourage any employee, contractor or agency worker with relevant information about Modern Slavery to come forward without fear of retaliation and also to allow Bayer to take any necessary corrective action immediately.

At Bayer, we constantly strive to create the best environment for employees to perform, innovate and develop. We believe that a critical element in achieving this goal is treating every employee fairly and with respect.

The essential components of Fairness and Respect are an environment in which acceptable standards of behavior are followed and that ensures that employees shall not be subject to discrimination, harassment or retaliation. Bayer believes that its employees deserve to work in an environment where fairness and respect are an essential part of the company culture.

These principles are fundamental to Bayer, expressed in such places as the LIFE values, which instruct us to treat others fairly and with respect. The Corporate Compliance Policy as well as the Charter of Ethical Principles state that.

Bayer expects its employees to be respectful, professional, and fair in their dealings with colleagues and third parties, including customers, suppliers, and officials.

Bayer is a founding member of the U.N. Global Compact and respect the Universal Declaration of Human Rights and a range of globally recognized declarations applicable for multinational corporations. These include the OECD Guidelines for Multinational Enterprises, the Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy, and the core labor standards of the International Labour Organization (ILO).

3. Due diligence processes

Owing to these policies and the above mentioned values, Bayer is committed to not tolerating Modern Slavery. The observance of human rights is an integral part of our sustainability management and our human resources strategy. Responsibility for this topic lies with the Board of Management member responsible for Human Resources, Technology and Sustainability, who is assisted by the Sustainable Development Committee (SDC). Directives, processes, and management and monitoring systems control the implementation of human rights standards in business operations.

The compliance organizations at the Group and country levels monitor compliance with our corporate compliance policies. If there are signs of violations of our Human Rights Policy, employees and members of the general public can contact the Bayer Compliance Business Partners at any time, even anonymously if desired. Alternatively, they can contact the worldwide compliance hotline.

Adherence to the corporate compliance principles is among the subjects covered in audits conducted by Bayer's Internal Audit. The planning of these audits follows a function- and risk-based approach that also takes a corruption perceptions index into account. The largest companies, which account for about 80% of Group sales, are generally subjected to audits at three-year intervals. A total of 180 audits were completed in 2018, of which 23 were preventive or compliance incident-related audits. The head of Internal Audit and the Group Compliance Officer regularly attend the meetings of the Audit Committee of the Supervisory Board and once a year present an overview of the audits performed.

4. Risk assessment and management

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 of the International Organization for Standardization.

To support the fullest possible identification of risks, the Bayer Group maintains a Risk Universe that reflects the potential risk categories of Bayer as a life science company. The Bayer Risk Universe also expressly accounts for risks of a nonfinancial nature that are linked to our business activity or to our business relationships, products and services. These may include risks pursuant to the CSR Directive Implementation Act that relate to environmental, employee and social issues, as well as human rights, and corruption and bribery (compliance). The Bayer Risk Universe is regularly examined and updated if necessary, as was the case in 2018.

Where possible, the identified risks are evaluated with regard to their potential impact and likelihood of occurrence in line with a defined matrix, taking into account established mitigation measures.

5. Key performance indicators to measure effectiveness of steps being taken

To advance the consistent implementation of the Bayer strategy, we have set ambitious Group targets not only for financial key performance indicators, but also for nonfinancial key performance indicators e.g. in the categories supplier management, safety, compliance and employees. We report on the targets' attainment in our Annual Report.

Bayer verifies the observance of the Supplier Code of Conduct requirements by its suppliers through online assessments or on-site audits. Suppliers are selected for these reviews at the beginning of the year on the basis of their strategic importance and a sustainability risk analysis combining country and category sustainability risks. All audits and assessment results are thoroughly analyzed and documented. If deficiencies are found, we develop corrective actions together with the respective suppliers to enable them to comply with ethical, social as well as health, safety and environmental principles in the future.

Since the beginning of 2018, Bayer has been actively involved in a pilot project under the auspices of the OECD and the Food and Agricultural Organization (FAO) that is aimed at supporting companies in the implementation of the voluntary Guidance for Responsible Agricultural Supply Chains initiative based on the U.N. Guiding Principles on Business and Human Rights.

6. Training on modern slavery and trafficking

To create a positive compliance culture in our company, we support all employees in conducting their professional activities with integrity and avoiding potential violations before they can occur.

Bayer therefore organises Group-wide training programs tailored to requirements and target groups, along with extensive communications activities on relevant compliance issues and risks. The purpose of training is to educate Bayer employees about laws and company regulations relevant to their daily activities, support them in identifying situations of potential risk and provide practical advice on how to act in a compliant manner.

The aim of these targeted training programs is to ensure that employees do not overstep boundaries out of ignorance or uncertainty. Our compliance training programs reflect the main compliance risk areas and are available in various formats to meet the training needs of different employee groups. Some take the form of online training programs, while others involve face-to-face training sessions or workshops.

In 2018, more than 60% of our employees received training in aspects of our Human Rights Position in training sessions totaling around 240,000 hours. In 2019, we offer ongoing training programs to further enhance employees' awareness of the importance of human rights in their day-to-day activities. Aspects of human rights are also covered in the training offerings for our suppliers.

7. Corporate Responsibility

Bayer fully supports human rights and has documented its stance in a globally binding corporate policy entitled the "Bayer Human Rights Policy." We are committed to respecting and fostering human rights within our sphere of influence and to reporting transparently on the results of our activities in this area. We also expect our business partners, and particularly our suppliers, to fully observe human rights. Our LIFE values and Corporate Compliance Policy also obligate all employees worldwide to conduct themselves fairly and in a compliant manner in dealings with colleagues, business partners and members of the community.

In conjunction with the acquisition of Monsanto in the second quarter of 2018 and its subsequent integration into the Crop Science segment, we are in the process of aligning our relevant policies and processes. The intention is that in future years Bayer will produce a combined Modern Slavery Act Statement covering all Bayer and legacy Monsanto companies in the UK.

This statement was approved by a member of the Board of Management of Bayer AG and the Boards of Bayer plc and Bayer CropScience Limited and applies to those companies and also to Bayer Agriculture Limited, a UK subsidiary of Bayer CropScience Limited that only trades with other Bayer Group companies.

Signed



Dr. Hartmut Klusik
Member of the Board of Management, Bayer AG



Lars Bruening
Director, Bayer plc and Bayer Crop Science Limited



Mark Wilkinson
Director, Bayer Agriculture Limited

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