



Modern Slavery Act Statement

for the financial year ending 31st December 2019

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, Bayer Agriculture Limited and Monsanto UK Limited. The statement sets out the steps taken during 2019 to prevent modern slavery and human trafficking in the business and supply chains.

1 Organisation and our Supply Chain

The Bayer Group is managed as a life science company with three divisions – Pharmaceuticals, Consumer Health and Crop Science, which are also our reporting segments. The Enabling Functions support the operational business. In 2019, the Bayer Group comprised 392 consolidated companies in 87 countries.

Bayer's operations in the UK are predominantly carried out through the Bayer AG affiliates Bayer plc, Bayer Crop Science Limited, Bayer Agriculture Limited and Monsanto UK Limited.

We are 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. To learn more about Bayer visit our Website www.bayer.com.

Contributing to sustainable development has become a core element of Bayer's corporate strategy. As a corporate objective, it is afforded the same status as our financial indicators. In 2019, we advanced our approach to make a positive contribution to society and for the environment. We are increasingly focusing our activities on providing more people in all the regions of the world with access to health care and food and devising solutions to the challenges presented by climate change and protecting the environment. We have set ambitious sustainability targets for the entire Group. Our targets for 2030 are aligned with the United Nations' Sustainable Development Goals and the Paris Agreement climate targets. Our focus here is on generating inclusive growth while at the same time reducing our ecological footprint along our value chain. We will regularly report on the progress of our target achievement and pursue the sustainability targets with the same intensity as our financial targets.

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. The Code was updated in 2019 and is based on our Bayer Human Rights policy, the principles

of the U.N. Global Compact and the core labour criteria of the International Labour Organization (ILO). Relevant provisions from our Code for the purposes of this statement include:

- // no tolerance of child labour in our 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;
- // 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 and by ILO standards;
- // compensation shall be paid to employees regularly, in a timely manner and in full according to applicable laws and must comply with applicable national wage laws;
- // compensation and benefits should aim at providing an adequate standard of living for employees and their families.

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 expectation that our suppliers will seek to enforce the same principles within their own supply chains. We assess adherence to these principles and have made our suppliers aware of the importance we attach to this.

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.

The risk of human rights violations in the seed supply chain poses a particular challenge for Bayer. The focus here is on both the work of seasonal labourers and the risk of child labour. Dedicated programs are in place to verify the adherence to our human rights standards within the seed supply chain (Details see chapter 4 and 5).

2 Policies related to Human Rights and Modern Slavery

Bayer has established and put in place global policies relevant to Human Rights and Modern Slavery. This includes our Corporate Compliance policy, Human Rights policy and our Fairness and Respect at Work policy. In 2019, we have combined our guiding principles and the bases for our activities in the new Bayer Societal Engagement (BASE) principles, which will guide our relationship and interactions with our internal and external stakeholders in the future. They provide guidance to treat others fairly and with respect and are grounded in our purpose "Science for a better life" and the Bayer LIFE values: leadership, integrity, flexibility and efficiency.

Bayer requires all employees, worldwide, to conduct themselves fairly and in a compliant manner in dealings with colleagues, business partners and members of the community.

The essential components of 'Fairness and Respect' are an environment in which acceptable standards of behaviour 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.

We expect our suppliers to conduct their business with Bayer in accordance with the requirements of our Supplier Code of Conduct. The Code sets forth key social, ecological and ethical standards that the Bayer

Group expects its suppliers and subcontractors to share. Our human rights standards in Procurement place particular value on the prevention of child labour and modern slavery.

We have existing policies, directives 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.

Bayer is a founding member of the U.N. Global Compact and respects 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 labour standards of the International Labour Organization (ILO).

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.

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.

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. Directives and processes as well as management and monitoring systems control the implementation of human rights standards in business operations.

Sustainability and human rights are among the responsibilities of the Chairman of the Bayer Board of Management. He is supported in his role as Chief Sustainability Officer by the Public Affairs & Sustainability enabling function.

The compliance organizations at the Group and country levels monitor compliance with our corporate compliance policies. Suspected compliance violations such as sign of violations of our Human Rights policy can be reported – anonymously if desired and if permitted by respective national law – to a central, worldwide compliance hotline that is also accessible to the general public and which is available in numerous national languages. In 2019, the compliance organization received a total of 372 reports in this way (including 256 anonymous reports), with 20 reports coming from Germany and 352 from other countries. Alternatively, suspected violations may also be reported to the respective compliance functions or to Internal Audit.

Adherence to the corporate compliance principles is among the subjects covered in audits conducted by Bayer's Internal Audit function and in the analyses and investigations by the legal and compliance organization. The heads of these organizations provide regular reports on the findings of the audits and analyses to the Audit Committee of the Supervisory Board, while summary reports are presented at least once a year.

The planning of these audits by Internal Audit follows a function- and risk-based approach that also takes the Corruption Perceptions Index of Transparency International into account. Function-specific audits are

conducted worldwide across all important corporate units, such as for marketing and distribution. The larger businesses and units are audited at shorter intervals, and the smaller units at longer intervals. The largest companies, which account for about 80% of Group sales, are generally subjected to audits at three-year intervals. A total of 178 audits were completed in 2019, of which 16 were preventive compliance-system audits or incident-related investigations.

4 Assessment of Human Rights and Modern Slavery Risk

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. The Bayer Risk Universe, which is regularly updated, also expressly accounts for risks of a nonfinancial nature that are linked to our business activity or to our business relationships, products and services. 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) are included as well. Where possible, the identified risks are evaluated with regard to their potential impact and likelihood of occurrence using a defined matrix, taking into account established mitigation measures.

The extent of the impact is rated in quantitative and / or qualitative terms. The quantitative assessment reflects a potentially negative effect on cash flows. A qualitative assessment of the impact is based on criteria such as the effect on our strategy or reputation, the potential loss of stakeholder confidence, and potential incomplete compliance with sustainability principles (e.g. in the area of safety, environmental protection or human rights). The higher rating – qualitatively or quantitatively – determines the overall assessment. The likelihood of occurrence is calculated based on a maximum period of 10 years.

In order to ensure that our supply chains are managed well and that our suppliers adhere to our sustainability requirements, we apply clear, sustainability-oriented criteria and standards to our supply chain at both a global and regional level. A four-step process is established throughout the company to improve sustainability practices in the supply chain. It consists of: 1 Raising awareness for sustainability with the help of our Supplier Code of Conduct, 2 Selecting suppliers for sustainability evaluations, 3 Evaluating supplier's sustainability performance, 4 Sustainability supplier development. This process is centrally steered by the Sustainability unit in Procurement. The process is implemented through cross-functional cooperation between the Procurement and the Health, Safety & Environment enabling functions. The seed growers of the acquired agriculture business are not yet included in this process. Owing to particular risks in the agricultural sector, these suppliers are subjected to a separate evaluation process with a special focus on human rights.

Seasonal labourers in the fields have been identified as a high-risk group in terms of human rights. Such labourers are employed directly by Bayer, through employment agencies or by seed producers contracted by Bayer. To ensure the observation of human rights within our sphere of influence, Bayer has developed a four-step, risk-based approach specifically for this high-risk group: 1 Risk assessment, 2 Training courses, 3 Inspections, 4 Corrective measures. The employment of children in farming represents a high risk outside our own operations. We therefore obligate our suppliers to strictly refrain from employing children. Through our multi-level Child Care Program (CCP), Bayer has for years taken systematic action to prevent

child labour in the seed supply chain, particularly in India. 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.

5 Evaluation of Human Rights and Modern Slavery Risk of our Suppliers

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 evaluations annually 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. A supplier receives a critical result if a serious violation or several major findings in sustainability performance are identified. In 2019, this applied to 11 suppliers (2% of all assessed and audited suppliers; 2018: 2% (17)). In these cases, Bayer requests that the suppliers remedy the identified weaknesses within an appropriate timeframe based on specific action plans to enable them to comply with ethical, social as well as health, safety and environmental principles in the future. We monitor the implementation of these activities by way of re-assessments or follow-up audits. 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 2019, Bayer was not prompted to end any supplier relationship due solely to sustainability performance. Our monthly monitoring shows that 332 (2018: 343) of the 712 (2018: 794) Bayer suppliers evaluated in 2019 improved their sustainability performance.

In 2019, our auditors identified a limited number of violations against applicable worktime regulations and established minimum wages in our supply chain. In each of these cases, we actively cooperated with our suppliers to improve the situation for employees in a timely fashion.

Since the risk of human rights violations in the seed supply chain poses a particular challenge for Bayer, dedicated human rights audits are conducted along our seed supply chain. Focus is on both seasonal labour and risk of child labour.

Seasonal labour: In the countries identified as potential high-risk country, our human rights experts carry out inspections of seed producers to ensure compliance with the human rights standards we have stipulated. In 2019, we conducted a total of 62 inspections in seed production, 32% of them in countries with high risk potential.

Child Care Program (CCP): We measure the success of our comprehensive CCP in India using the indicator "Child Labour Incidence in Relation to the Total Number of Labourers Monitored in Seed Production for Bayer." In 2018/19, we uncovered a total of 28 cases of child labour among our seeds suppliers in India. The CCP is also still in place in Bangladesh and the Philippines, as cases of child labour were identified there several years ago. In the cultivation year 2018/19 no cases of child labour were identified in either country.

6 Training on Human Rights and Modern Slavery

We offer ongoing training programs to enhance employees' awareness of the importance of human rights in their day-to-day activities. In 2019, more than 76% of our employees received training on aspects of our Human Rights policy in sessions totaling around 238,000 hours.

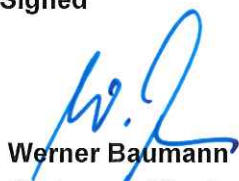
Aspects of human rights and safety are also covered in the training offerings (like webinars or face-to-face trainings in the framework of our activities in PSCI (Pharmaceutical Supply Chain Initiative) and TfS (Together for Sustainability)) for suppliers. To help our suppliers practice sustainability in their daily business, we have developed a Supplier Code of Conduct Guidance. 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.

To create a positive compliance culture in our company, we support all employees in acting with integrity and proactively avoiding potential violations by implementing Bayer-wide training measures and communication campaigns that are tailored to target groups and based on identified needs. The Corporate Compliance policy forms the basis of our compliance communication and training activities. Both supervisors and compliance managers can answer employees' questions about lawful and ethical behaviour. In 2019, 95.3% (34,619) of Bayer's managerial employees worldwide completed at least one compliance training program. Furthermore, we launched a new global web-based training program on sexual harassment and the importance of speaking up in 89 countries, with these issues also addressed in our Corporate Compliance policy. The video training program is available in nine languages (English, German, Spanish, Portuguese, French, Italian, Russian, Japanese and Chinese) and had been completed by 66.4% (68,772) of our employees (excluding those of the acquired agriculture business) as of December 31, 2019.

7 Corporate Responsibility

This statement was approved by the Chairman of the Bayer AG Board of Management and by the Boards of Bayer plc, Bayer Crop Science Limited, Bayer Limited and Monsanto UK Limited and applies to those companies.

Signed



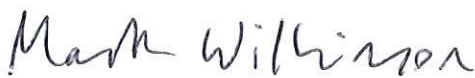
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June 2020