



*Industry
Association
Climate Review*

Engagement Update 2022



Dear stakeholder,

As Bayer, we have set the target of being climate-neutral by 2030 and achieving net zero GHG emissions including our entire value chain by 2050 or sooner. We are also committed to engaging in climate-friendly framework conditions – and we want to take others with us. To accomplish this joint journey, we believe trust and transparency are key. For that reason, we published our first comprehensive review of the climate positions of our industry associations last year.

With this interim report, we want to give you an update on our positions, our ongoing engagement in associations, and the progress we can see in the alignment of our climate policy agenda with our associations. Examples like the Associated Chambers of Commerce and Industry (ASSOCHAM) in India show how much can be achieved within a year by entering science-based dialogues with our peers. This motivates us to continue with our engagement in climate policy.

The overall results illustrate that progress can be made. However, it also becomes clear that, in a volatile and complex social-economic environment, interactions with a variety of stakeholders within an association are needed to bring significant change. Bayer is still the only company in the life science sector to conduct such a comprehensive review. We would be pleased if other companies in the agriculture and healthcare industry would follow and promote climate-friendly policies jointly and publicly within and beyond our industry associations.

During the last year, we have seen a trend in both cross-industry and agricultural industry associations of moving forward on environmental topics

and engaging more and more in climate-friendly discussions. However, we experienced a large potential to take an active role in the healthcare sector to drive climate-friendly policies as our engagement in the Global Self-Care Federation illustrates. With this interim update, we do not only focus on the identified material misalignments but also on initiatives and associations that were not in the spotlight of the last report – for example, because they were not key players in climate issues a year ago. These engagements are steps in the right direction and a process on which we will continue to build in creating a policy environment that works for, not against, the climate. At this point, we would like to thank the investors like those who started Climate Action 100+ for including us in the process and for their insightful and valuable input. You are helping us evolve, and we are listening.

We look forward to continuing working together with our industry association and partners to achieve meaningful change.

Yours sincerely,

Marco Annas
Head Global Public Affairs

Our climate policy positions on key initiatives and legislative actions

Bayer's climate targets and global climate policy position, which have been outlined in the Industry Association Climate Review of 2021 as well as published in our Sustainability Report and on our website, including the climate policy criteria outlined in the Industry Association Climate Review, are still valid and guiding factors in Bayer's actions. We would like to use this Engagement Update as an opportunity to reiterate examples of our stance on recent legislative initiatives on climate change around the world. Further, as a German-based company with a strong presence of production sites in Germany, we would like to outline our communication with German policymakers on the ongoing gas supply situation caused by the Russian invasion of Ukraine.

International Climate Club initiative of the German G7 Presidency 2022

The G7 leaders agreed to implement Germany's proposal for an international "climate club" at their meeting at Schloss Elmau at the end of June 2022. The announcement is an important milestone for the alignment of international climate protection ambitions. As a multinational company, Bayer calls for improved regulatory cooperation and coherence. The establishment of an international climate club to introduce uniform standards is to be generally supported. In the event of legislative action, multi-lateral approaches are to be favored. A climate club offers the opportunity to ensure fair competition and less protectionist trade measures. An internationally positioned, open and ambitious climate club makes an important contribution to decarbonizing the industry and preventing carbon leakage.

There are some critical factors to make the international climate club a success: First, the key is not only a high absolute number of countries participating but also the cooperation of the largest CO₂-emitting countries. Therefore, the G20 countries, for both club size and composition, appear to be a sufficient group to be able to effectively advance

international climate protection without significant carbon leakage effects in the direction of non-club members. Second, decided measures need to be implemented in a binding manner by the member states, e.g., by a multinational agreement. Lastly, all country- and multinational-based measures always need to be in line with the WTO framework and further international agreements. The aim of the G7 must now be to present tangible measures for further shaping as quickly as possible.

Inflation Reduction Act of 2022 and Build Back Better Act, U.S

Despite multiple rounds of negotiations, the comprehensive Build Back Better Act did not pass the U.S. Congress, and in the first half of 2022 Senate Democrats announced a pared-back version called the Inflation Reduction Act. President Biden signed the Inflation Reduction Act into law in August of this year. In addition to policies aiming at climate protection, the broad package of measures also includes measures for various other areas such as taxes and prescription drug prices.

Due to the comprehensive package, Bayer's position varies depending on the policy area affected. On the one hand, 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. On the other hand, we questioned the provisions related to drug pricing which do not include any climate-related aspects as they impact our pharmaceutical business. While we did not lobby against the bills, the Pharmaceutical Research and Manufacturers of America (PhRMA), among other associations, have addressed these drug pricing concerns regarding the Inflation Reduction Act of 2022. PhRMA's criticism was directed predominantly at the planned changes in the area of pharmaceuticals. Furthermore, the US Chamber of Commerce is lobbying against the bill, not focusing on the climate-related aspects but on the tax provisions.

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, European Union

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.

Carbon removal incentives: Introducing a 310 Mt CO₂e carbon removal target, with individual targets for the Member States, and a net-zero target for the agriculture, forestry, and other land use (AFOLU) sector in 2035, incentivizes carbon removal development across the EU. What is missing in the proposal are tools and incentives to achieve these targets and stimulate innovation among farmers. The new regulation should create an incentive framework for public and private actors to deliver on the 310 Mt CO₂e removal target by 2030 and ideally to overachieve it. [...] It is necessary to create this framework as an integral part of the new LULUCF regulation directly feeding into its rules on accounting, flexibilities, and emissions trading, and not to wait till 2030 or thereafter.

Stimulate additional removal action by Member States: It could be considered to promote additional removal action through flexibility across Member States in the sectors under the LULUCF Regulation 2018/841 and the Effort Sharing (ERS) Regulation 2018/842. As the Commission has noted, currently Member States hardly use the existing flexibilities which are hampered by non-synchronized compliance frameworks (ESR/LULUCF), restrictions on quotas, and a ban on cross-border transfers. Better and less restrained incentives are necessary to catalyze and quick-start action. It should be made simpler for a Member State that overachieves its LULUCF targets (later AFOLU) to trade into its own ESR account and other Member States' LULUCF accounts.

Mobilize private sector action: Currently the LULUCF does not create a direct opportunity for the private sector to contribute. This contribution will depend on individual Member State action. Private sector involvement could greatly stimulate increased carbon removals. It could therefore be considered to mobilize the private sector by introducing a project-based mechanism for EU farmers to independently register climate mitigation projects, generate LMUs and put them on the LULUCF/ESR market. [...] This system should be connected to the regulatory framework on the certification of carbon removals proposed by the European Commission. All removals created under this regulatory system should be made eligible under the LULUCF regulation.

Carbon storage products: Bayer welcomes the extension of the LULUCF proposal to carbon storage products as proposed in Article 9. The use and the potential future use of agricultural-derived raw materials (e.g., fibers, oils, chemicals) to produce long-lived biomaterials and products can contribute to climate change mitigation. Recognizing this potential stimulates research and innovation in this domain, and it offers farmers new business models. This is necessary for the transition from a fossil to a renewable bio-based economy. Bayer believes that the current LULUCF proposal for carbon storage products could also be extended to address explicitly, and legally anchor, carbon storage in soils and permanent vegetation. [...] Providing this recognition could serve as an incentive for carbon farming and the use of LMUs in carbon markets.

Mitigating the critical gas supply situation in Germany, 2022

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. 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:¹

Adjustments to the German Building Code (BauGB): 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 exclusively. Rather, more flexible procedures are needed for the creation of plants and facilities for the generation of renewable energies. To make optimum use of all existing land potential, this should apply both to the implementation of projects within the scope of existing land-use plans and those in the outer area. To speed up the approval process, measures can initially be limited in time, which can then be converted into permanent uses at a later point in time. In the context of existing land-development plans, the extension of exemptions from provisions of the development plan, which are regulated in § 31 BauGB, could be a starting point. An acceleration of the expansion

of renewable energies could also be effectively achieved by adapting the regulations on building renewable energy plants and facilities in outdoor areas. Thus, wind turbines, ground-mounted photovoltaic systems, and other relevant renewable energies should also be included as privileged projects in BauGB. At the same time, balancing with other public concerns to achieve the expansion targets should generally be in favor of photovoltaic projects. This could be achieved with an expansion of the exemption criteria of § 35 section 4 BauGB to include the purpose of supplying renewable energies or with a new regulation to be created.

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. A temporary "conversion or abrogation" of the established building area character would have a strong accelerating effect and leave time for a subsequent permanent building area designation, or could "re-establish" the former use after a time-lapse of approx. 20-25 years (the usual duration of energy supply contracts). This idea could be used analogously for land-intensive photovoltaic plants in principle if the usual technical lifetime or the contract duration of the energy supply has been reached and the agricultural or other open-space use is to be resumed.



¹ The legal correctness of our adjustment proposals cannot be guaranteed due to the translation from German into English.

Update on addressing material misalignments

In our 2021 Industry Association Climate Review we identified a total of 10 material misalignments in positions of our associations. These material misalignments are connected to six different associations located in five different countries. Instances of material misalignment between Bayer's climate policy positions and those of an industry association identified in our assessment have made that organization a priority for Bayer to engage with.

As outlined in last year's comprehensive report, the process of engagement covers examining and understanding the reasoning of the association, proactively engaging with the association, assessing the impact opportunities, and influencing a position change. Where the engagement process does not result in a satisfactory change in policy or where Bayer assesses that alignment is unlikely to be possible, we would start a remediation process.

Overall, we see either a change in the respective association or assess that we can make a greater impact on their position by further engaging rather than leaving the association. Thus, we decided to remain in the associations and to not start the remediation phase except for the **National Association of Manufacturers (NAM)** in the U.S. We terminated our membership in NAM as part of ongoing cost savings measures in June 2022. In the corresponding decision process, we factor in a variety of different aspects which among many others also include the climate position of the association.

In the following, we provide a detailed update on the other instances of material misalignment, ordered by policy criteria.

// Publicly support the transition to net zero, including an interim target

U.S. Chamber of Commerce, United States of America

Association's position development

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.

Bayer's engagement

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.

Source: <https://www.uschamber.com/climate-change/our-approach-to-climate-change>

Material misalignment in 2021 review

Association position:

The U.S. Chamber of Commerce has lobbied against the introduction of a federal clean-energy standard until widespread, cost-effective technologies are available to ensure the transition. They justify this on the basis that current technology 'cannot achieve net zero' to drive reductions in GHG emissions. They also advocate for any measures to be 'fuel-neutral', while avoiding economic harm to businesses, consumers and disadvantaged communities.

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.

Russian Union of Industrialists & Entrepreneurs (RSPP), Russia

Association's position development	Bayer's engagement
<p>While the Russian government adopted key regulations on a national goal to limit greenhouse gas emissions by 2030, on limiting greenhouse gas emissions, a strategy for socio-economic development of the Russian Federation with low greenhouse gas emissions until 2050, and the taxonomy of sustainable development projects, the RSPP expressed its full support. In addition, the RSPP did not support the discussion earlier this year for Russia to withdraw from the Paris Agreements.</p>	<p>While remaining a member of the association, Bayer has withdrawn any active participation in RSPP due to the ongoing invasion of Russia in Ukraine. Consequently, Bayer cannot verify or engage on positions of RSPP. RSPP's public positions on their website indicates a shift regarding climate-friendly policies. We are currently evaluating our memberships considering the current political situation in Russia.</p>

Source: <https://rspp.ru/activity/position/pozitsiya-rspp-o-razviti-klimaticheskoy-politiki-i-uglerodnogo-regulirovaniya/>;
<https://rspp.ru/events/news/vitse-prezident-rspp-ob-idee-vykhoda-rossii-iz-parizhskogo-soglasheniya-i-kiotskogo-protokola/>;
<https://rspp.ru/activity/position/pozitsiya-rspp-o-razviti-klimaticheskoy-politiki-i-uglerodnogo-regulirovaniya/>

Material misalignment in 2021 review

Association position:	Bayer position:
<p>While the Russian Union of Industrialists & Entrepreneurs eventually changed its position on the Paris Agreement to support Russia's ratification of the deal (in 2019), the association continues to publicly support a restrained approach to climate action, to not hinder economic development. Their official statements do not advocate for a transition to net zero and are also predicated on the reduction of Russia's emissions against a 1990 baseline and the country's natural carbon sinks (forests, peat bogs...etc.), as already compensating for industrial emissions.</p>	<p>Bayer is dedicated to a climate policy based on ambitious climate targets and net zero emissions. We therefore advocate for an unambiguous commitment to these objectives and ambitious targets for business and governments in order to pursue the Paris Agreement target of limiting climate change to 1.5°C.</p>

// Publicly support policies that enable the transition to net zero

Russian Union of Industrialists & Entrepreneurs (RSPP), Russia

Association's position development	Bayer's engagement
<p>The RSPP is no longer opposing the inclusion of fees attached to emissions but proposes that when developing mechanisms for carbon regulation, it is necessary to proceed from the fact that the overall fiscal burden on regulated organizations should not further increase.</p>	<p>While remaining a member of the association, Bayer has withdrawn any active participation in RSPP due to the ongoing invasion of Russia in Ukraine. Consequently, Bayer cannot verify or engage on positions of RSPP. RSPP's public positions on their website indicates a shift regarding climate-friendly policies. We are currently evaluating our memberships considering the current political situation in Russia.</p>

Source: <https://rspp.ru/activity/position/pozitsiya-rspp-o-razviti-klimaticheskoy-politiki-i-uglerodnogo-regulirovaniya/>

Material misalignment in 2021 review

Association position:	Bayer position:
<p>RSPP has supported the creation of a regulatory framework to measure the carbon emissions of Russian firms. However, the association and its senior executives opposed the inclusion of fees attached to emissions within draft legislation, claiming that Russia's natural carbon sinks already compensate for any emissions by the country's industry. Moreover, the association promotes only voluntary measures on emissions reduction – in order to maintain the investment activity of Russian businesses and keep economic growth above the global average.</p>	<p>Bayer is committed to reducing its own carbon emissions and offsetting the remaining emissions by purchasing certificates from climate protection projects with recognized quality standards. We also have set ourselves an internal carbon price of €100 per metric ton when calculating our capital expenditure projects and additionally conduct ecological assessments of relevant investments. Emissions measurement in isolation from other measures does not promote the ambitious contribution to tackling global climate change that Bayer is looking for in its associations – to achieve the Paris targets, ambitious Nationally Determined Contributions (NDC) and net zero commitments are required through to 2050 at the latest.</p>

// 30% reduction in GHG emissions per kg of harvested produce

Industrieverband Agrar (IVA), Germany

Association's position development	Bayer's engagement
<p>There is still a lack of publicly declared acknowledgment of the urgent need to reduce GHG emissions at the IVA. The association focuses on climate action driven by increasing the efficiency of existing infrastructure.</p>	<p>Bayer is collaborating and engaging with the IVA in various dialogues to advance more proactive communication in leading the way forward for the agriculture sector. Since Bayer is the first company to review climate lobbying efforts of associations in the agriculture sector, we welcome support in this initiative to jointly drive change.</p>
<p>No source</p>	
Material misalignment in 2021 review	
<p>Association position: IVA advocates that intensive agriculture produces fewer emissions per grain in comparison to organic farming. This does not acknowledge that regardless of process, there is an urgent need to reduce GHG emissions from all forms of farming.</p>	<p>Bayer position: Do not contravene relevant policies that Bayer has on lowering GHG emissions per kg of harvested produce in major agricultural markets by 30%. We want to help reduce GHG emissions in major agricultural markets – per kilogram of crop yield – by 30% by 2030. This includes Bayer helping farmers to use climate-friendly methods, such as reducing ploughing and using digital solutions to reduce CO₂ emissions.</p>

// Promoting technologies and innovation that improve climate performance

Unión Industrial Argentina (UIA), Argentina

Association's position development	Bayer's engagement
<p>The public position of the UIA remains unchanged. Nevertheless, there is support for moving towards wider use of renewable energy in conversations. Due to the overall economic situation of the country that heavily impacts industry, however, this movement is not gaining traction.</p>	<p>Bayer engages in regular meetings with the UIA and will continue to engage for climate policy and to foster climate-friendly business models.</p>
<p>No source</p>	
Material misalignment in 2021 review	
<p>Association position: The UIA highlights government's focus on industrial energy efficiency as a key lever of its climate change mitigation measures in service of commitments to the Paris Agreement. While supportive of public and private dialogue, it caveats the needs of the manufacturing sector will need to be taken into account to ensure implementation.</p>	<p>Bayer position: Do not contravene relevant policies that Bayer has on promoting technologies and innovation that improve climate performance, including energy efficiency. To achieve net zero, we need to move towards renewable energies, energy efficiency and innovation in carbon-neutral processes, products and technologies. It is crucial to maintain the openness of innovative ideas and to support new technologies for the transition to a sustainable and competitive industry and agriculture.</p>

// 100% of procured electricity from renewable energies

Unión Industrial Argentina (UIA), Argentina

Association's position development	Bayer's engagement
<p>The public position of the UIA remains unchanged. Nevertheless, there is support for moving towards wider use of renewable energy in conversations. Due to the overall economic situation of the country that heavily impacts industry, however, this movement is not gaining traction.</p>	<p>Bayer engages in regular meetings with the UIA and will continue to engage for climate policy and to foster climate-friendly business models.</p>
No source	
Material misalignment in 2021 review	
<p>Association position: The UIA supports the use of all energy sources available in Argentina's territory, including hydrocarbons alongside renewables. It suggests the economic and environmental feasibility of its production and use should be taken into account.</p>	<p>Bayer position: Do not contravene relevant policies that Bayer has on sourcing 100% of procured electricity from renewable energies by 2030. We are committed to reducing our Scope 1 & 2 emissions by 42% by the end of 2029 compared to our 2019 baseline. Part of our approach requires a switch to 100% renewable energies and supporting climate-neutral technologies. We do not support ongoing investment in hydrocarbons.</p>

Associated Chambers of Commerce and Industry of India (ASSOCHAM), India

Association's position development	Bayer's engagement
<p>ASSOCHAM has taken a strong public stance towards more sustainability and renewable energies and has also implemented this into the association's structure. Sustainability has been added as a new pillar of the organization and is promoted internally and externally and has approached the government with different reports on green energy, such as green hydrogen and renewable electricity production. The association aims at being an important player in the energy transition in India. Recently, the founder and CEO of one of India's leading renewable energies companies has been appointed as the new ASSOCHAM President.</p>	<p>Bayer has been working closely with ASSOCHAM to address the material misalignments we assessed in our 2021 review. For this intensive exchange, the association has nominated a high-level official. This has led to an ongoing engagement between Bayer and ASSOCHAM on all working levels.</p>
<p>Source: https://www.assochem.org/sustainability.php; https://www.green-assochem.com/; https://www.assochem.org/foundation-gallery.php?gallery=an-ecosystem-for-solar-manufacturing-in-india; https://www.assochem.org/foundation-gallery.php?gallery=seeap-uttar-pradesh</p>	
Material misalignment in 2021 review	
<p>Association position: ASSOCHAM comments on the Indian government's focus on self-reliance in energy production and distribution, and how it is taking its commitments under the Paris Agreement to reduce carbon emissions while still increasing investments in overseas oil fields into account. ASSOCHAM does not outline its own positions regarding renewable energy.</p>	<p>Bayer position: Do not contravene relevant policies that Bayer has on sourcing 100% of procured electricity from renewable energies by 2030. We are committed to 100% renewable energies as part of our pathway to align with 1.5°C. We do not support ongoing investment in hydrocarbons.</p>

// Climate-related trade measures

Russian Union of Industrialists & Entrepreneurs (RSPP), Russia

Association's position development	Bayer's engagement
<p>Russia had discussed implementing its own carbon border adjustment mechanism that could be integrated into the EU framework. RSPP did not express concerns regarding the introduction of a Russian CBAM. Due to the political developments after March 2022, however, we did not see further developments.</p>	<p>While remaining a member of the association, Bayer has withdrawn any active participation in RSPP due to the ongoing invasion of Russia in Ukraine. Consequently, Bayer cannot verify or engage on positions of RSPP. RSPP's positions indicates a shift regarding climate-friendly trade policies. We are currently evaluating our memberships considering the current political situation in Russia.</p>
No Source	
Material misalignment in 2021 review	
<p>Association position: RSPP challenges the EU's approach to the proposed Border Adjustment Mechanism for carbon emissions, critiquing that it largely reproduces the requirements of the cap-and-trade system. It claims that the approach is not proven to address issues around climate change and risks creating a precedent for governments imposing internal regulations on other countries. The association's position is that any such measure should be subject to negotiation with all parties concerned.</p>	<p>Bayer position: Do not contravene relevant policies that Bayer has on acknowledgment of climate-related trade measures within the rules-based international trade system. Bayer supports the consideration of climate protection and Paris Agreement goals in trade agreements. We favor rule-based free trade, thus, we advocate for a full compliance of any climate regulatory measure with WTO rules to ensure international cooperation and to avoid counter measures from third countries. In addition, we also expect suppliers to fulfill sustainability standards that are above national legal requirements (e.g. ILO standards) and all goods imported to comply with REACH standards.</p>

Advocating for climate-friendly policies in industry associations

Bayer is dedicated to promoting and engaging in climate policies that are in harmony with our ambitious climate targets. Therefore, in addition to engaging with associations where we identified misalignments in our last report, we have also increased our scope of activities to raise awareness for climate policy in other associations. The following examples illustrate the dedicated effort of Bayer employees around the world advocating for climate-friendly policies in health care, agriculture, and chemical sectors.

Global Self-Care Federation (GSCF), Global

The Global Self-Care Federation is a federation of regional and national associations, manufacturers, and distributors of non-prescription medicines on all continents chaired by Bayer Consumer Health's president Heiko Schippers. In 2021, GSCF launched the Charter for Environmentally Sustainable Self-Care, the first industry-wide climate action resolution issued by the consumer health sector.² Following the launch, which enables Bayer to work across competitive lines to encourage industry-wide envi-

ronmental progress focused on delivering carbon emission reductions and more sustainable packaging, Bayer continues to engage in cross-industry collaboration to advance on charter commitments. In this regard, we are for instance participating in the supply chain carbon workstream, aimed at building a common platform for the industry to engage its suppliers; quantify the industry's Scope 3 footprint, and collaborate on actions to reduce the industry's value chain emissions.

CESPEDES, Mexico

As part of the Business Coordination Council, which is the most important business coalition in Mexico, CESPEDES is the private sector committee for studies on sustainable development. While it was created several years ago, there has been no working group discussing and analyzing topics relevant to the agricultural sector. To change this situation, Bayer has been significantly involved in creating an agricultural-specific subgroup. Today, besides discussing topics like food systems, trade treaties, and digital agriculture, one major focus in the discussions is the environmental and climate impact of the agricultural sector as well as the potential benefits of modern technologies.



² <https://www.selfcarefederation.org/environmental-charter-launch-landing>

Agrofarma and Federchimica, Italy

As the critical association for companies operating in the chemical industry in Italy, Federchimica also serves as an umbrella association for Agrofarma, the association for plant protection products, and Assobiotech, the association for biotechnology. Thus, it provides guidelines for the other associations also on environmental and sustainability topics. Accordingly, the association needs to consider the perspectives of a broad range of businesses when developing guidelines and positions, which is why individual priorities are rather difficult to set. To further increase our opportunities to drive change, our country's business leader for Bayer Crop Science has recently assumed the role of Vice President of Agrofarma, which will allow us to provide a more leading role within both associations to increase awareness and advocacy for climate-friendly policies.

Verband der Chemischen Industrie (VCI), Germany

As the national chemical industry association, the VCI represents the interests of German chemical companies and German subsidiaries of foreign enterprises, representing over 90% of the German chemical industry. The growing tension between Russia and Germany following Russia's invasion of Ukraine is threatening the gas supply security in Germany; an energy crisis would certainly hit the chemical industry hard. In May 2022, the VCI developed a key position focusing on short-term measures to avert immediate damage from a natural gas supply. Initially, the draft was focused exclusively on alternative fossil options. Given the time-critical and business-threatening situation for many of the energy-intensive member companies, it was not possible to exclude these points. However, Bayer successfully advocated including a sustainability focus by emphasizing the short-term perspective of the proposed measures, reaffirming the validity of the climate targets, and including the necessary political support in the expansion of renewable energies that we finally need to become climate neutral.

In addition, Bayer has achieved that the VCI included our detailed adjustment proposals on accelerating the expansion of renewable energies in the German Building Code (as outlined on page 5) to its bureaucracy reduction agenda.



Next steps in improving our climate advocacy and transparency

We will repeat our comprehensive industry association climate assessment next year, and we are excited to see what the overall trends will look like. While we were the first company to also focus on industry associations in the agricultural sector, we intend to put a stronger emphasis on health care industry associations in the next report. As mentioned in this update, associations in the health care sector remain those with the largest potential for improvement since climate action is quite often not on their agenda yet. We are striving to demonstrate greater transparency on lobbying and our proactive work in supporting delivery of the Paris Agreement. We will also be disclosing our association fees.

Masthead

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