



Bayer's Just Transition Approach

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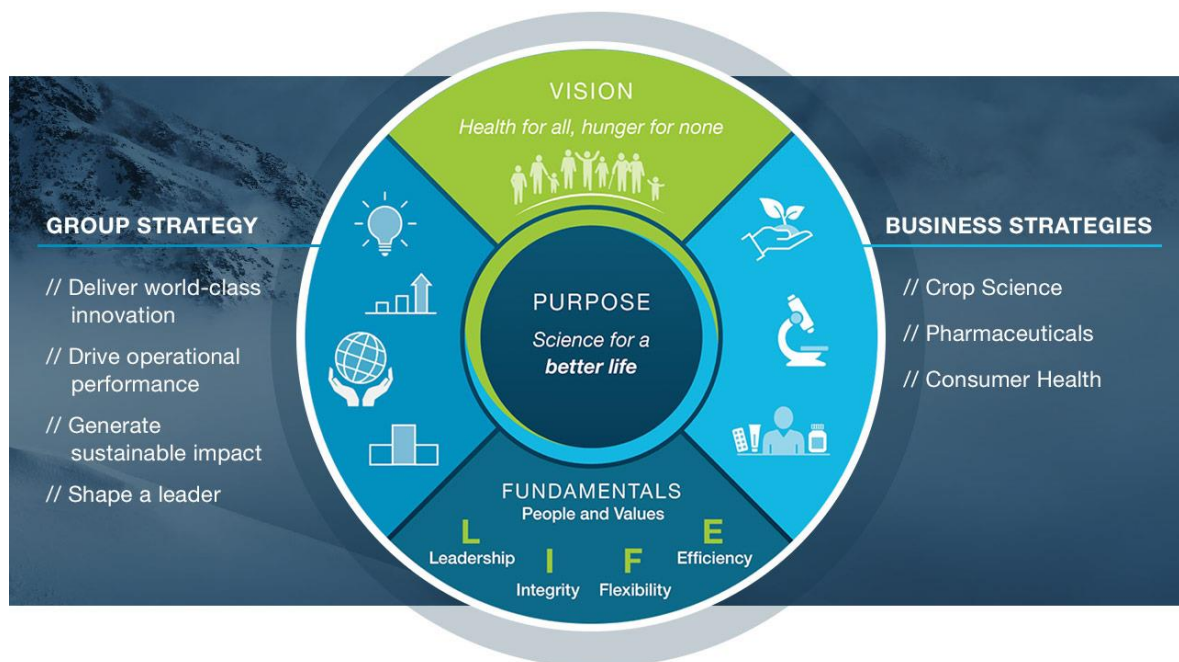
Introduction

Bayer is committed to a just transition to a sustainable and climate-neutral economy and advocates for a favorable societal and political environment. Our activities are targeted towards internal as well as external stakeholder. We are constantly involving our stakeholders in developing just transition plans adjusted to their and our needs. Our approach is based on the:

- International Labor Organization ILO: Guidelines for just transition towards environmentally sustainable economies and societies for all
- Council for Inclusive Capitalism: Just Transition framework for company action

Bayers Just Transition Approach

A growing and aging world population and the increasing strain on nature’s ecosystems are among the major challenges facing humanity. As one of the world’s leading companies in the fields of health and nutrition, we play a key role in devising solutions to tackle these challenges.



Guided by our purpose “Science for a better life”, we deliver breakthrough innovations in healthcare and agriculture. We contribute to a world in which diseases are not only treated but effectively prevented or cured, in which people can take better care of their own health needs, and in which enough agriculture products are produced while conserving our planet’s natural resources. That is because at Bayer, growth and sustainability go hand in hand. In short, we are working to make our vision of “Health for all, hunger for none” a reality. Our strategy operationalizes our vision, as we look to achieve long-term profitable growth and make a positive contribution to society and the environment. Further information and our four strategic levers can be found here: [The Strategy of Bayer | Bayer Global](#).

Sustainability is at the center of our corporate vision “**Health for all, hunger for none**” and comprises the following three core elements for all divisions:

- **Inclusive growth and value added for society**
- **Reduction of our ecological footprint**
- **Responsible business practices along our value chain**

We deploy our innovation power to develop sustainable solutions for the pressing problems of our time. For example, we have established sustainability criteria in our own research and development. Furthermore, we invest in disruptive life science technologies with our Leaps by Bayer unit and promote social innovations with our foundations.

Just Transition Framework

Without suitable countermeasures, global temperature will rise by well over 2 degrees Celsius. This will threaten our planet’s ecosystems, jeopardize the health of people, animals, and plants, and place the food supply for a growing world population at risk. Climate change is anchored in all our divisions and in various strategic activities.

Our commitments and actions are aligned with the 4 pillars for action of the council of inclusive capitalism to achieve a just transition:

1. Net Zero Commitment

We have set ourselves the target to achieve net zero greenhouse gas (GHG) emissions including our entire value chain by 2050 or sooner and signed the Business Ambition for 1.5°C. Further information can be found here: [This Is How We Protect the Climate | Bayer Global](#).

Focus Emission Reduction Agriculture: Human activities produce GHG emissions such as carbon dioxide, methane, and nitrous oxide are the leading cause of climate change, and agriculture accounts for nearly a quarter of these global emissions (including land use change). We have the capability – and responsibility – to develop climate-smart solutions and trigger farmers’ adoption by creating innovative business models that benefit farmers, tackle climate change, and drive towards a carbon-zero future for agriculture. Further information can be found here: [Our Carbon Zero Commitment | Bayer Global](#).

Focus on emissions in the value chain: We have set out an ambitious target for our value chain. Further information can be found in the supplier code of conduct: [Bayer Supplier Code of Conduct](#).

We are developing innovative products to fight, mitigate and adapt to the impacts of climate change. Further information can be found in our risk and opportunity assessment and our Sustainability Report: <https://www.bayer.com/sites/default/files/2023-02/Bayer-Sustainability-Report-2022.pdf>.

2. Business Areas Support Just Transition and Resilient Communities (access to health and food)

In the area of agriculture and nutrition, our innovative products and services help to better feed a growing world population and end hunger (> SDG 2). We are targeting inclusive growth in low- and middle-income countries (LMICs). As farming is often the only source of income in LMICs, we also help fight poverty through our engagement with smallholder farmers (> SDG 1).

2.1 Support the agricultural transformation and support farmers to use regenerative practices and climate-smart agriculture (especially for smallholder)

As farming is often the only source of income in LMICs, we also help fight poverty through our engagement with smallholder farmers (> SDG 1). Through innovative solutions that promote sustainable, low-emission and resilient farming, we help to protect the climate, the environment and biodiversity (> SDGs 13, 15). We also want to reduce the consumption of water resources (> SDG 6) in agriculture in the future. Further information and our commitments can be found here: [Agriculture Commitments | Bayer Global](#).

2.2 Access to and Quality of Health and Nutrition

In healthcare, we help to prevent and treat diseases through the businesses of our Pharmaceuticals and Consumer Health divisions. We reach people all over the world with our products and solutions. We align ourselves here also to the needs of people in LMICs, for whom we make existing products and services accessible and affordable. We systematically advance innovations and increase the resilience of our production and supply chains. In this way, we help to improve people's health and well-being (> SDG 3). Further information can be found here for Consumer Health: [Transforming Everyday Health | Bayer Global](#). And here for Pharmaceuticals: [Championing Health for All | Pharmaceuticals | Bayer Global](#)

Another example is the Nutrient Gap Initiative: [The Nutrient Gap Initiative | Bayer Global](#).

3. Fostering Collaboration and Transparency Throughout the Activities

Bayer is dedicated to a climate policy that is in harmony with our ambitious climate targets and therefore advocate for decarbonization measures in line with the Paris Agreement. In accordance with our ambitions, we regularly examine critically our memberships in relevant industrial associations and their positions and actions affecting climate policy both internally and externally. Further information here: [This Is How We Protect the Climate | Bayer Global](#).

Our divisions partner with a wide range of stakeholders to bring the Just Transition to the society. One example is our pharmaceutical partnership approach. Our commitment to partnerships means simply bringing better products to those who need them faster. We look for partners who have new ideas, capabilities, insights and strengths that we might

not have. For our partners, this commitment can mean access to much-needed investment or technical capacity. But most importantly, it means knowing they are working with a science-led and trusted global company that can help them grow and reach more people. Further information can be found here: [Partnering To Achieve Health For All | Bayer Global](#).

In addition to our direct value chain, we are engaged in partnership initiatives such as the [LEAF Coalition](#) empowering tropical and subtropical forest countries to move more rapidly towards ending deforestation while supporting them in achieving their Nationally Determined Contributions (NDCs) under the Paris Agreement.

Transparency is a top priority for Bayer. We are committed to build up and strengthen trust by making information accessible from a whole range of areas. Further information can be found here: [Transparency at Bayer | Bayer Global](#).

Additionally, we are reporting about our political engagement and our activity in different initiatives and associations. [Our Political Principles and Positions | Bayer Global](#).

4. Workforce Evolution by ensuring that the journey for the companies' workers and contractors is just

As an employer, we offer our employees attractive conditions and wide-ranging individual development opportunities. Find more about the topics of fair compensation, health promotion and much more here: [Working at Bayer: Excellent Perspectives | Bayer Global](#).

Safety management and the continuous development of a safety culture are a cornerstone of corporate responsibility in the Bayer Group. Preventing accidents and incidents in day-to-day work, when operating production facilities, and on work-related travel and transportation routes where people or the environment may suffer harm or damage has top priority for us. More information can be found here: [Health and Safety Have the Highest Priority for Bayer | Bayer Global](#).

Human rights are the basis for a life with dignity. We are committed to respecting and fostering human rights along the entire value chain and to reporting transparently on the results of our activities. Learn more about our commitments here: [Human Rights - Bayer | Bayer Global](#).

One operational example is Bayer's Mid-Term Water Target related to WASH: Bayer is committed to provide safe drinking water, sanitation and hygiene (WASH) to all employees at its sites. Bayer will further expand its engagement to selected communities where Bayer operates. Further information here: [Water Security Builds Our Resilience to Climate Change | Bayer Global](#). And an example for local implementation can be found here: [WASH Project - Crop Science India \(bayer.in\)](#).

Our four pillars of the Just Transition framework are supported by various activities and implementation on the ground. We would be pleased for this document to serve as a basis for other companies dealing with this topic and we look forward to having critical discussions on just transition.

Editorial

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