

F0. Introduction

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F0.1

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**(F0.1) Give a general description of 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 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, 2021, the Bayer Group comprised 375 consolidated companies in 83 countries.

As in our previous CDP reports, we are reporting according to the operational control approach to provide an accurate picture of Bayer’s life science businesses.

Within our area of influence, including working with our farmer customers and within our supply chain, we seek to address the drivers of deforestation and forest degradation. We want to make a significant contribution not only to protecting existing forests, but also helping to restore lost forest land. We also participate in coalitions across the value chain with the objective to achieve zero net deforestation.

In the areas of palm oil and soy derivatives, we support the certified sustainable production of these raw materials as a purchaser of plant oil derivatives, which is especially important in Southeast Asia and South America. We are member of the renowned organizations “Roundtable on Sustainable Palm Oil” (RSPO) and “Round Table on Responsible Soy” (RTRS). For palm oil we have decided to move towards a Mass Balance Supply Chain certification and for soy we purchase so called “credits”. The enhanced certification and financial value rewards farmers who undertake to grow palm oil and soy in a legal and ecologically, socially and economically sustainable way. Crop Science cooperates with the RTRS to provide mutual support in the certification of Brazilian soybean producers according to high ecological, social and economic criteria.

**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 to update these forward-looking statements or to conform them to future events or developments.

F0.2

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**(F0.2) State the start and end date of the year for which you are reporting data.**

	Start Date	End Date
Reporting year	January 1 2021	December 31 2021

F0.3

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**(F0.3) Select the currency used for all financial information disclosed throughout your response.**

EUR

F0.4

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**(F0.4) Select the forest risk commodity(ies) that you are, or are not, disclosing on (including any that are sources for your processed ingredients or manufactured goods); and for each select the stages of the supply chain that best represents your organization's area of operation.**

	Commodity disclosure	Stage of the value chain	Explanation if not disclosing
Timber products	Not disclosing	Manufacturing	<p>Within Bayer-products no timber related materials are used for manufacturing. However, we buy packaging material for our end products. Paper related packaging is approximately 1% of our procurement spend and therefore classified as not material for our business. We have set up projects to enhance our sustainable packaging activities, paper packaging is part of these activities.</p> <p>Our entire supplier landscape is part of a risk-based sustainability evaluation process. As part of this sustainability process also the most relevant packaging suppliers are evaluated along their sustainability performance through an EcoVadis-assessment, TIS- or PSCI-audit. These evaluations include also forest related checks. Additionally, we set out ambitious standards in our Supplier Code of Conduct, e.g., request voluntary certification schemes and adherence to standards like the Forest Stewardship Council (FSC).</p> <p>Due to the regulated environment (e.g., GMP requirements in Pharmaceuticals and Consumer Health) our influence and ability to change packaging is limited. Despite the lack of significance and regulations, we work on improving the sustainability features of our packages like increasing the use of certified packaging material, e.g., FSC.</p>
Palm oil	Disclosing	Manufacturing	<Not Applicable>
Cattle products	This commodity is not produced, sourced or used by our organization	<Not Applicable>	<Not Applicable>
Soy	Disclosing	Manufacturing	<Not Applicable>
Other - Rubber	This commodity is not produced, sourced or used by our organization	<Not Applicable>	<Not Applicable>
Other - Cocoa	This commodity is not produced, sourced or used by our organization	<Not Applicable>	<Not Applicable>
Other - Coffee	This commodity is not produced, sourced or used by our organization	<Not Applicable>	<Not Applicable>

## F0.5

**(F0.5) Are there any parts of your direct operations or supply chain that are not included in your disclosure?**

No

## F0.6

**(F0.6) Does your organization have an ISIN code or another unique identifier (e.g., Ticker, CUSIP, etc.?)**

Indicate whether you are able to provide a unique identifier for your organization	Provide your unique identifier
Yes, an ISIN code	DE000BAY0017

## F1. Current state

### F1.1

**(F1.1) How does your organization produce, use or sell your disclosed commodity(ies)?**

## Palm oil

### Activity

Using as input into product manufacturing

### Form of commodity

Palm kernel oil derivatives

### Source

Contracted suppliers (manufacturers)

### Country/Area of origin

Indonesia  
Malaysia  
Unknown origin

### % of procurement spend

<1%

### Comment

We use palm kernel oil derivatives in a very small number of our products.

Bayer is not sourcing palm (kernel) oil directly, but its derivatives produced out of the oil (at the end of a highly complex supply chain: many tier levels, high number of raw materials, many processing sites). We are member of the renowned organization "Roundtable on Sustainable Palm Oil" (RSPO) and in 2017, we committed to the book & claim supply chain model to be able to have a better control over our activities and to support smallholder farmers directly. 2021 marks a transition year for Bayer, we have reviewed our activities, revised our strategy, and included the Accountability Framework as a fundamental tool for further developments. We have decided to move from the credit system towards the RSPO Supply Chain Certification, primarily the RSPO Mass Balance Certification. We have started to use partially credits and partially Mass Balance certificates. We want to ensure the production of sustainable palm oil in the amount that is needed to generate our purchased volumes of palm oil derivatives.

External and internal communication to promote the production and purchase of certified sustainable palm oil: <https://www.bayer.com/en/procurement/strategic-sustainability-focus-areas>.

We are continuing our supplier interactions and aim to switch towards the Mass Balance Certification. Nevertheless, we are facing various difficulties along the way.

## Soy

### Activity

Using as input into product manufacturing

### Form of commodity

Soy derivatives

### Source

Contracted suppliers (manufacturers)

### Country/Area of origin

Unknown origin

### % of procurement spend

<1%

### Comment

We use soy derivatives in a very small number of our products. Bayer is not sourcing soy directly, but its derivatives produced out of the oil (at the end of a highly complex supply chain: many tier levels, high number of raw materials, many processing sites).

Thus, since 2017 we committed to the book & claim supply chain model to be able to have a better control over our activities and to support smallholder farmers directly. We are member of the renowned organization "Roundtable on Sustainable Soy" (RTRS) and purchase so-called "credits" according to the quantities we use.

The financial value of these credits rewards farmers who undertake to grow soy in a legal and ecologically, socially and economically sustainable way and who demonstrate this as part of an audited certification process. We want to ensure the production of sustainable soy in the amount that is needed to generate the volumes of soy derivatives that we purchase (thus covering 100% of our purchase volume of soy-based raw materials).

External and internal communication to promote the production and purchase of certified sustainable soy derivatives: <https://www.bayer.com/en/procurement/strategic-sustainability-focus-areas>

We are further committed to sustainability and will increase sustainability.

2021 marks a transition year for Bayer, we have reviewed our activities, revised our strategy, and included the Accountability Framework as a fundamental tool for further developments. Consequently, we will also shape our soy activities.

## F1.2

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**(F1.2) Indicate the percentage of your organization's revenue that was dependent on your disclosed forest risk commodity(ies) in the reporting year.**

	% of revenue dependent on commodity	Comment
Timber products	<Not Applicable>	<Not Applicable>
Palm oil	1-5%	We use palm oil derivatives in a very small number of our products. To calculate this figure, we determined that palm oil derivatives are found in 11 of our brands. In the financial year 2021, our revenue from these products, represented approximately 3% of our company's total revenue.
Cattle products	<Not Applicable>	<Not Applicable>
Soy	1-5%	We use soy derivatives in a very small number of our products. To calculate this figure, we determined that soy derivatives are found in 21 of our brands. In the financial year 2021, our revenue from these products, represented approximately 4% of our company's total revenue.
Other - Rubber	<Not Applicable>	<Not Applicable>
Other - Cocoa	<Not Applicable>	<Not Applicable>
Other - Coffee	<Not Applicable>	<Not Applicable>

**F1.5**

**(F1.5) Does your organization collect production and/or consumption data for your disclosed commodity(ies)?**

	Data availability/Disclosure
Timber products	<Not Applicable>
Palm oil	Consumption data available, disclosing
Cattle products	<Not Applicable>
Soy	Consumption data available, disclosing
Other - Rubber	<Not Applicable>
Other - Cocoa	<Not Applicable>
Other - Coffee	<Not Applicable>

**F1.5a**

**(F1.5a) Disclose your production and/or consumption figure, and the percentage of commodity volumes verified as deforestation- and/or conversion-free.**

**Forest risk commodity**

Palm oil

**Data type**

Consumption data

**Commodity production/ consumption volume**

10947

**Metric for commodity production/ consumption volume**

Metric tons

**Data coverage**

Full commodity production/consumption

**Have any of your reported commodity volumes been verified as deforestation- and/or conversion-free?**

No, but we are planning to verify volumes as deforestation- and/or conversion-free in the next two years

**% of reported volume verified as deforestation- and/or conversion-free**

<Not Applicable>

**Please explain**

We assume that the palm oil derivatives, which we are purchasing from big global companies, are free of deforestation or conversion. We expect, and we reviewed that our suppliers have set themselves a framework and internal policies, additionally they comply with our Supplier Code of Conduct rules. Therefore, our purchases should be deforestation and conversion free. In case, we receive information and indication of non-compliance we are following up with suppliers.

As a purchaser of derivatives, we are in some cases only number five or eight within the processing chain. Therefore, transparency is limited. At this point in time, we cannot verify if our supplier complies to their and our policies fully. We are continuously improving our processes and aiming for increased transparency and traceability. The move towards RSPO Mass Balance for palm oil derivatives is one step on this path.

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**Forest risk commodity**

Soy

**Data type**

Consumption data

**Commodity production/ consumption volume**

10710

**Metric for commodity production/ consumption volume**

Metric tons

**Data coverage**

Full commodity production/consumption

**Have any of your reported commodity volumes been verified as deforestation- and/or conversion-free?**

No, but we are planning to verify volumes as deforestation- and/or conversion-free in the next two years

**% of reported volume verified as deforestation- and/or conversion-free**

<Not Applicable>

**Please explain**

We assume that the soy derivatives, which we are purchasing from big global companies, are free of deforestation or conversion. We expect, and we reviewed that our suppliers have set themselves a framework and internal policies, additionally they comply with our Supplier Code of Conduct rules. Therefore, our purchases should be deforestation and conversion free. In case, we receive information and indication of non-compliance we are following up with suppliers.

As a purchaser of derivatives, we are in some cases only number five or eight within the processing chain. Therefore, transparency is limited. At this point in time, we cannot verify if our supplier complies to their and our policies fully. We are continuously improving our processes and aiming for increased transparency and traceability.

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**F1.5b**

**(F1.5b) For your disclosed commodity(ies), indicate the percentage of the production/consumption volume sourced by national and/or sub-national jurisdiction of origin.**

**Forest risk commodity**

Palm oil

**Country/Area of origin**

Indonesia

**State or equivalent jurisdiction**

Don't know

**% of total production/consumption volume**

17

**Please explain**

Bayer is not sourcing palm (kernel) oil directly, but its derivatives produced out of the oil (at the end of a highly complex supply chain). As such, we are facing a very complex and fragmented supply chain with limited transparency (many tier levels, high number of raw materials, many processing sites). 2021 is a transition year and we move towards the RSPO Mass Balance Certification for the future. This will lead to a more sustainable value chain.

**METHOD USED TO MEASURE % OF TOTAL CONSUMPTION VOLUME:**

We have reached out to all suppliers who potentially supply us with plant-based oils, to receive a confirmation that the supplier delivers us palm oil or palm oil ingredients.

Additionally, we request from the supplier further information about certification, conversion factor, sourcing location and policies. We created a database with all relevant information. Based on this information we have an overview of the sourcing origin. We have and continue to negotiate new contracts with suppliers who can offer Mass Balance certified palm oil derivatives. We are on a quarterly process to review our inbound materials and follow up on other topics.

We are continuously working to increase the transparency and traceability into the value chain. We have made substantial progress with our supplier engagement. At this point in time, we were not able to gain further information from our supplier on the country, state or jurisdictional origin. Our aim for the next years is to intensify this exchange and to increase transparency as well as traceability.

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**Forest risk commodity**

Palm oil

**Country/Area of origin**

Malaysia

**State or equivalent jurisdiction**

Don't know

**% of total production/consumption volume**

16

**Please explain**

Bayer is not sourcing palm (kernel) oil directly, but its derivatives produced out of the oil (at the end of a highly complex supply chain). As such, we are facing a very complex and fragmented supply chain with limited transparency (many tier levels, high number of raw materials, many processing sites).

2021 is a transition year and we move towards the RSPO Mass Balance Certification for the future. This will lead to a more sustainable value chain.

**METHOD USED TO MEASURE % OF TOTAL CONSUMPTION VOLUME:**

We have reached out to all suppliers who potentially supply us with plant-based oils, to receive a confirmation that the supplier delivers us palm oil or palm oil ingredients. Additionally, we request from the supplier further information about certification, conversion factor, sourcing location and policies. We created a database with all relevant information. Based on this information we have an overview of the sourcing origin. We have and continue to negotiate new contracts with suppliers who can offer Mass Balance certified palm oil derivatives. We are on a quarterly process to review our inbound materials and follow up on other topics.

We are continuously working to increase the transparency and traceability into the value chain. We have made substantial progress with our supplier engagement. At this point in time, we were not able to gain further information from our supplier on the country, state or jurisdictional origin. Our aim for the next years is to intensify this exchange and to increase transparency as well as traceability.

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**Forest risk commodity**

Palm oil

**Country/Area of origin**

Unknown origin

**State or equivalent jurisdiction**

<Not Applicable>

**% of total production/consumption volume**

67

**Please explain**

Bayer is not sourcing palm (kernel) oil directly, but its derivatives produced out of the oil (at the end of a highly complex supply chain). As such, we are facing a very complex and fragmented supply chain with limited transparency (many tier levels, high number of raw materials, many processing sites).

2021 is a transition year and we move towards the RSPO Mass Balance Certification for the future. This will lead to a more sustainable value chain.

**METHOD USED TO MEASURE % OF TOTAL CONSUMPTION VOLUME:**

We have reached out to all suppliers who potentially supply us with plant-based oils, to receive a confirmation that the supplier delivers us palm oil or palm oil ingredients. Additionally, we request from the supplier further information about certification, conversion factor, sourcing location and policies. We created a database with all relevant information. Based on this information we have an overview of the sourcing origin. We have and continue to negotiate new contracts with suppliers who can offer Mass Balance certified palm oil derivatives. We are on a quarterly process to review our inbound materials and follow up on other topics.

We are continuously working to increase the transparency and traceability into the value chain. We have made substantial progress with our supplier engagement. At this point in time, we were not able to gain further information from our supplier on the country, state or jurisdictional origin. Our aim for the next years is to intensify this exchange and to increase transparency as well as traceability.

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**Forest risk commodity**

Soy

**Country/Area of origin**

Unknown origin

**State or equivalent jurisdiction**

<Not Applicable>

**% of total production/consumption volume**

100

**Please explain**

We use soy derivatives in a very small number of our products (at the end of a highly complex supply chain). As such, we are facing a very complex and fragmented supply chain with limited transparency (many tier levels, high number of raw materials, many processing sites). In the areas of soy, we support the certified sustainable production of these raw materials as a purchaser of plant oil derivatives, which is especially important in Southeast Asia and South America. We are member of the renowned organization "Round Table on Responsible Soy" (RTRS) and purchase so-called "credits" according to the quantities we use. The financial value of these credits rewards farmers who undertake to grow soy in a legal and ecologically, socially and economically sustainable way and who demonstrate this as part of an audited certification process.

To identify and assess future handling of sustainable soy derivatives we will start a project similar to the one for palm oil. Nevertheless, it needs to be recognized that the transparency for derivatives is less for soy compared to palm oil. Bayer is actively engaged in the RTRS community to increase transparency. On the local level, we have started projects to support certification of sustainable soy production.

F1.5e

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**(F1.5e) How does your organization produce or consume biofuel derived from palm oil?**

**Does your organization produce or consume biofuel derived from palm oil?**

No

**Data type**

<Not Applicable>

**Volume produced/consumed**

<Not Applicable>

**Metric**

<Not Applicable>

**Country/Area of origin**

<Not Applicable>

**State or equivalent jurisdiction**

<Not Applicable>

**% of total production/consumption volume**

<Not Applicable>

**Does the source of your organization's biofuel material come from smallholders?**

<Not Applicable>

**Comment**

n/a

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F1.6

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**(F1.6) Has your organization experienced any detrimental forests-related impacts?**

No

F1.7

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**(F1.7) Indicate whether you have assessed the deforestation or conversion footprint for your disclosed commodities over the past 5 years, or since a specified cutoff date, and provide details.**

**Forest risk commodity**

Palm oil

**Have you monitored or estimated your deforestation/conversion footprint?**

Yes, we estimate deforestation/conversion footprint based on sourcing area

**Coverage**

Full consumption volume

**Reporting deforestation/conversion since a specified cutoff date or during the last five years?**

Other, please specify (Piloting the Science Based Target Network (SBTN) land use approach with our information from 2021)

**Known or estimated deforestation/ conversion footprint (hectares)**

18

**Describe methods and data sources used to monitor or estimate deforestation/ conversion footprint**

We have been piloting the Science Based Target Network (SBTN) land use approach with our consumption data from 2021. We have joined the SBTN to reduce our ecological footprint and further develop methodologies. We face currently three challenges a) we lack commodity specific data on sourcing locations, b) methodologies need to be enhanced and c) interpretation of results. The SBTN uses the metric: Reduction in native vegetation cover (forest) is the annualized total tree cover area loss over the period 2001-2018 retrieved from Hansen et al. 2013. "Tree cover" is defined as all vegetation taller than 5 m in height and includes both natural forests and plantation forests. Because this layer includes other drivers than crop and forestry expansion only those pixels where the main driver was "commodity-driven deforestation" or "shifting agriculture" for crops and "forestry" for roundwood were extracted based on Curtis et al. 2019. The approach does not account for sustainability and certification. We require all suppliers to follow our zero net deforestation approach, therefore our actual footprint should be much lower.

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**Forest risk commodity**

Soy

**Have you monitored or estimated your deforestation/conversion footprint?**

Yes, we estimate deforestation/conversion footprint based on sourcing area

**Coverage**

Full consumption volume

**Reporting deforestation/conversion since a specified cutoff date or during the last five years?**

Other, please specify (Piloting the Science Based Target Network (SBTN) land use approach with our information from 2021)

**Known or estimated deforestation/ conversion footprint (hectares)**

7.5

**Describe methods and data sources used to monitor or estimate deforestation/ conversion footprint**

We have been piloting the Science Based Target Network (SBTN) land use approach with our consumption data from 2021. We have joined the SBTN to reduce our ecological footprint and further develop methodologies. We face currently three challenges a) we lack commodity specific data on sourcing locations, b) methodologies need to be enhanced and c) interpretation of results. The SBTN uses the metric: Reduction in native vegetation cover (forest) is the annualized total tree cover area loss over the period 2001-2018 retrieved from Hansen et al. 2013. "Tree cover" is defined as all vegetation taller than 5 m in height and includes both natural forests and plantation forests. Because this layer includes other drivers than crop and forestry expansion only those pixels where the main driver was "commodity-driven deforestation" or "shifting agriculture" for crops and "forestry" for roundwood were extracted based on Curtis et al. 2019. The approach does not account for sustainability and certification. We require all suppliers to follow our zero net deforestation approach, therefore our actual footprint should be much lower.

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## F2. Procedures

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### F2.1

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**(F2.1) Does your organization undertake a forests-related risk assessment?**

Yes, forests-related risks are assessed

### F2.1a

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**(F2.1a) Select the options that best describe your procedures for identifying and assessing forests-related risks.**



## Palm oil

### Value chain stage

Direct operations  
Supply chain

### Coverage

Full

### Risk assessment procedure

Assessed as part of an established enterprise risk management framework

### Frequency of assessment

More than once a year

### How far into the future are risks considered?

> 6 years

### Tools and methods used

Internal company methods  
Other, please specify (a) benchmarking and interaction with peer companies; b) external reports and assessments)

### Issues considered

Availability of forest risk commodities  
Quality of forests risk commodities  
Impact of activity on the status of ecosystems and habitats  
Regulation  
Climate change  
Impact on water security  
Tariffs or price increases  
Loss of markets  
Leakage markets  
Brand damage related to forests risk commodities  
Corruption  
Social impacts  
Other, please specify (Value chain)

### Stakeholders considered

Customers  
Employees  
Investors  
Local communities  
NGOs  
Other forest risk commodity users/producers at a local level  
Regulators  
Suppliers

### Please explain

#### DESCRIPTION OF TOOLS:

- i) Bayer has implemented a holistic and INTEGRATED Enterprise RISK MANAGEMENT SYSTEM (ERM) designed to ensure the continued existence and future target attainment of the Group through the early identification, assessment and treatment of risks. All relevant risks worldwide, incl. FOREST-related risks, are recorded and monitored at an early stage. Our ERM team together with the risk owner CONTINUOUSLY monitor the development of risks and take into account a wide range of resources including benchmarking and interactions with peers as well as industry initiatives and focus organizations.
- ii) Our different sustainability policies (e.g. deforestation policy and Supplier Code of Conduct) initiate a risk assessment and define mitigation actions. The risk portfolio is reviewed REGULARLY by the Bayer Assurance Committee. This tool was included to ensure minimum standards in all activities and awareness by all stakeholders and it seems to be very effective as we increase expectations and suppliers develop new solutions together with our experts.
- iii) During new product development and investment projects experts review all activities to further identify the corresponding risks and validate adherence to regulations and internal policies. This tool was included to set the priorities at the start of business activity.

#### MOST SIGNIFICANT ISSUES:

##### Quality and availability of forests risk commodities:

Palm oil derivatives can be hard to replace with regards to our products and THUS some of them are considered essential. Especially availability of certified palm oil is limited.

Tool: Internal company methods.

Risk owner: Industrial marketing and sourcing managers CONTINUOUSLY monitor market developments and indicate upcoming risks. This assessment is done across the value chain. We have established quality teams on all levels and sites across the company.

##### Tariffs or price increases:

Tariffs or price effects could have an impact on our Bayer products as well as the development of the sustainable commodity.

Tool: Internal company methods.

Risk owner: Bayer experts are CONTINUOUSLY working and observing market developments in order to assess the risks of tariffs and pricing appropriately.

## Soy

### Value chain stage

Direct operations  
Supply chain

### Coverage

Full

### Risk assessment procedure

Assessed as part of an established enterprise risk management framework

### Frequency of assessment

More than once a year

### How far into the future are risks considered?

> 6 years

### Tools and methods used

Internal company methods  
Other, please specify (a) benchmarking and Interaction with peer companies; b) external reports and assessments)

### Issues considered

Availability of forest risk commodities  
Quality of forests risk commodities  
Impact of activity on the status of ecosystems and habitats  
Regulation  
Climate change  
Impact on water security  
Tariffs or price increases  
Loss of markets  
Leakage markets  
Brand damage related to forests risk commodities  
Corruption  
Social impacts  
Other, please specify (Value chain)

### Stakeholders considered

Customers  
Employees  
Investors  
Local communities  
NGOs  
Other forest risk commodity users/producers at a local level  
Regulators  
Suppliers

### Please explain

#### DESCRIPTION OF TOOLS:

- i) Bayer has implemented a holistic and INTEGRATED Enterprise RISK MANAGEMENT SYSTEM (ERM) designed to ensure the continued existence and future target attainment of the Group through the early identification, assessment and treatment of risks. All relevant risks worldwide, incl. FOREST-related risks, are recorded and monitored at an early stage in our risk management system. Our ERM team together with the risk owner CONTINUOUSLY monitor the development of risks and take into account a wide range of resources including benchmarking and interactions with peers as well as industry initiatives and focus organizations. We included forests into the ERM to ensure a holistic assessment and top management awareness.
- ii) Our different sustainability policies (e.g. deforestation policy and Supplier Code of Conduct) initiate a risk assessment and define mitigation actions. The risk portfolio is reviewed REGULARLY by the Bayer Assurance Committee. This tool was included to ensure minimum standards in all activities and awareness by all stakeholders.
- iii) Bayer is actively engaging with stakeholders, e.g.conversation on how to become more sustainable and setting high standards to our own production, stewardship approaches and initiatives for sustainable agriculture.
- iv) Via Certified Responsible Soy and the RTRS, we have supported certified soy projects to increase the level of sustainable practices through regular contact and incentives with farmers. Activities on the field seem most effective to educate and promote sustainability.

#### MOST SIGNIFICANT ISSUES:

Quality and availability of forests risk commodities:

Soy derivatives can be hard to replace with regards to our products and THUS some of them are considered essential.

Tool: Internal company methods.

Risk owner: Industrial marketing and sourcing managers CONTINUOUSLY monitor market developments and indicate upcoming risks. This assessment is done across the value chain. We have established quality teams on all levels and sites across the company.

Tariffs or price increases:

Tariffs or price effects could have an impact on our Bayer products as well as the development of the sustainable commodity.

Tool: Internal company methods.

Risk owner: Bayer experts are CONTINUOUSLY working and observing market developments in order to assess the risks of tariffs and pricing appropriately.

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## F2.2

**(F2.2) For each of your disclosed commodity(ies), has your organization mapped its value chains?**

	Value chain mapping	Primary reason for not mapping your value chain	Explain why your organization does not map its value chain and outline any plans to introduce it
Timber products	<Not Applicable>	<Not Applicable>	<Not Applicable>
Palm oil	Yes, we have partially mapped the value chain	<Not Applicable>	<Not Applicable>
Cattle products	<Not Applicable>	<Not Applicable>	<Not Applicable>
Soy	Yes, we have partially mapped the value chain	<Not Applicable>	<Not Applicable>
Other - Rubber	<Not Applicable>	<Not Applicable>	<Not Applicable>
Other - Cocoa	<Not Applicable>	<Not Applicable>	<Not Applicable>
Other - Coffee	<Not Applicable>	<Not Applicable>	<Not Applicable>

**F2.2a**

**(F2.2a) Provide details of your organization's value chain mapping for its disclosed commodity(ies).**

**Forest risk commodity**

Palm oil

**Scope of value chain mapping**

- Own operations
- Tier 1 suppliers
- Tier 2 suppliers
- Tier 3 suppliers
- Tier 4+ suppliers
- Smallholders

**% of total suppliers covered within selected tier(s)**

100

**Description of mapping process and coverage**

For palm oil derivatives, the value chains are complex.

As a purchaser of derivatives, for selected materials, we are tier six, seven or eight within the value chain. Therefore, mapping is highly complex and transparency is limited. We are continuously improving our processes and aiming for increased transparency and traceability. The move towards RSPO Mass Balance for Palm Oil derivatives is one step on this path.

**TOOLS AND METHODS:**

Our Supplier Code of Conduct (SCoC) takes into account the well-established principles of sustainability incl. FORESTS. The SCoC promotes the application of broadly recognized sustainability standards and certifications. Sustainability issues are evaluated through an annual risk evaluation in procurement for all our suppliers. Identified suppliers (based on country and business category sustainability risks) are validated through an evidence-based assessment (EcoVadis) or physical on-site audit (TIS or PSCI).

Specifically for palm oil, we addressed all our major suppliers to further understand their current activities and promote sustainable behavior.

**MAPPING PROCESS:**

As we understand that various suppliers operate with different standards, we have started a project to assess the current activities regarding palm oil derivatives of each tier 1 supplier. During the last months of 2020 and the first months in 2021 we have reached out to all our 40 palm oil derivatives suppliers to understand their level of certification and other activities.

Once we have an indication that a supplier or someone within the value chain is not complying to our standards we start to investigate and map the entire value chain (tier 1-4+ and smallholders). In 2021, we have looked at one refiner (beyond tier 2 supplier) and which supplier receives palm oil from this refiner. Besides that, we partially rely on our major global supplier that they manage their supply chains and adhere to their internal standards and our requirements.

Additionally, to our procurement activities, we support farmers around the world to strengthen sustainable growing methods and to reduce deforestation. Therefore, we have initiated projects to directly address the topic instead of mapping the complex value chain.

**COVERAGE:**

We map 100% of our tier 1 supplier and tier 2-4+ and smallholders in case of an indication.

**Your own production and primary processing sites: attach a list of facility names and locations (optional)**

**Your suppliers' production and primary processing sites: attach a list of names and locations (optional)**

**Forest risk commodity**

Soy

**Scope of value chain mapping**

- Own operations
- Tier 1 suppliers
- Tier 2 suppliers
- Tier 3 suppliers
- Tier 4+ suppliers
- Smallholders

**% of total suppliers covered within selected tier(s)**

100

**Description of mapping process and coverage**

For soy derivatives, the value chains are complex.

As a purchaser of derivatives, for selected materials, we are tier six, seven or eight within the value chain. Therefore, mapping is highly complex and transparency is limited. We are continuously improving our processes and aiming for increased transparency and traceability.

**TOOLS AND METHODS:**

The Supplier Code of Conduct (SCoC) takes into account the well-established principles of sustainability incl. FORESTS. The SCoC promotes the application of broadly recognized sustainability standards and certifications. Sustainability issues are evaluated through an annual risk evaluation in procurement for all our suppliers. Identified suppliers (based on country and business category sustainability risks) are validated through an evidence-based assessment (EcoVadis) or physical on-site audit (TfS or PSCI).

**MAPPING PROCESS:**

Once we have an indication that a supplier or someone within the value chain is not complying to our standards we start to investigate and map the entire value chain (tier 1-4+ and smallholders). Besides that, we partially rely on our major global supplier that they manage their supply chains and adhere to their internal standards and our requirements.

Additionally, to our procurement activities, we support farmers around the world to strengthen sustainable growing methods and to reduce deforestation. Therefore, we have initiated projects to directly address the topic, e.g., together with RTRS or our PRO Carbono program, instead of mapping the complex value chain.

**COVERAGE:**

We aim to map 100% of our tier 1 supplier by the end of 2022. Tier 2-4+ and smallholders in case of an indication.

**Your own production and primary processing sites: attach a list of facility names and locations (optional)**

**Your suppliers' production and primary processing sites: attach a list of names and locations (optional)**

**F3. Risks and opportunities**

**F3.1**

**(F3.1) Have you identified any inherent forests-related risks with the potential to have a substantive financial or strategic impact on your business?**

	Risk identified?
Timber products	<Not Applicable>
Palm oil	No
Cattle products	<Not Applicable>
Soy	No
Other - Rubber	<Not Applicable>
Other - Cocoa	<Not Applicable>
Other - Coffee	<Not Applicable>

**F3.1a**

### F3.1a) How does your organization define substantive financial or strategic impact on your business?

GENERAL: 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. Risk owners decide on a targeted risk level and define a risk management strategy and risk management measures.

All relevant risks worldwide, INCL. FOREST-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, a potential impact of EUR 7 MILLION CASH FLOW is regarded to be substantive and monitored in the database.

##### ii) QUANTIFIABLE INDICATORS:

Risks, INCL. FOREST-RELATED 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.

1) 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.

2) The potential impact is determined on a scale from moderate (>€150-250 mio), medium (>€250-750 mio), significant (>€750-1,500 mio), major (>€1,500-2,500 mio) to severe (>€2,500 mio). With regard to our Product Supply Function, a potential impact of €7 MILLION CASH FLOW is regarded to be substantive and monitored in the database.

The qualitative assessment is based on criteria such as the effect 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.

Risks with a potential impact of >€5,000 million are separately examined by the Bayer Assurance Committee to determine their potential to endanger the company's continued existence. 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. FOREST-RELATED RISKS.

For EXAMPLE, we started a project to assess climate-related scenarios and risks for our TCFD reporting to further strengthen sustainability principles and stakeholder confidence. Additionally, during our long-term planning of business strategies and research areas we look out for risks and opportunities, this might include different R&D stages or business practices. One example of this is the Carbon Initiative. We want to encourage and reward growers to generate carbon credits by adopting climate-smart practices and creating a new revenue stream on-farm. The initiative makes Bayer the first company to develop a transparent, science-based and collaborative approach to a carbon market in agriculture.

#### 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:

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

### F3.1c

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**(F3.1c) Why does your organization not consider itself to be exposed to forests-related risks with the potential to have a substantive financial or strategic impact?**

	Primary reason	Please explain
Timber products	<Not Applicable>	<Not Applicable>
Palm oil	Risks exist, but no substantive impact anticipated	<p><b>RATIONALE:</b></p> <p>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. Risk owners decide on a targeted risk level and define a risk management strategy and risk management measures. All relevant risks worldwide, incl. forest-related risks, are recorded and monitored at an early stage in our risk management system. We regard substantive financial or strategic risks as negative deviations of approximately EUR 750-1,500 million from projected or target values for potential future developments.</p> <p><b>EXAMPLE:</b></p> <p>We use palm oil derivatives in a very small number of our products. We determined that palm oil derivatives are found in 11 of our brands. In the financial year 2021, our revenue from these products, represented approximately 3% of our company's total revenue. As minor player in the industry there are no significant forest-related risks directly related to our products containing palm oil derivatives.</p> <p>To prevent occurring risks, we defined mitigation actions, As part of Bayer's wide commitments different measures and remediation activities exist:</p> <p>a) Bayer aims for zero net deforestation in our supply chain,  b) Bayer is committed to become climate neutral in its own operations by 2030,  c) Bayer shares the value of international cooperation to promote viable measures in sustainable development and environmental protection.</p> <p>Therefore, no significant impact is estimated.</p>
Cattle products	<Not Applicable>	<Not Applicable>
Soy	Risks exist, but no substantive impact anticipated	<p><b>RATIONALE:</b></p> <p>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. Risk owners decide on a targeted risk level and define a risk management strategy and risk management measures. All relevant risks worldwide, incl. forest-related risks, are recorded and monitored at an early stage in our risk management system. We regard substantive financial or strategic risks as negative deviations of approximately EUR 750-1,500 million from projected or target values for potential future developments.</p> <p><b>EXAMPLE:</b></p> <p>We use soy derivatives in a very small number of our products. We determined that soy derivatives are found in 21 of our brands. In the financial year 2021, our revenue from these products, represented approximately 4% of our company's total revenue. As minor player in the industry there are no significant forest-related risks directly related to our products containing soy derivatives.</p> <p>To prevent occurring risks, we defined mitigation actions, As part of Bayer's wide commitments different measures and remediation activities exist:</p> <p>a) Bayer aims for zero net deforestation in our supply chain,  b) Bayer is committed to become climate neutral in its own operations by 2030,  c) Bayer shares the value of international cooperation to promote viable measures in sustainable development and environmental protection.</p> <p>As Bayer only uses a limited number of soy derivatives in a small number of products, no significant impact is estimated.</p>
Other - Rubber	<Not Applicable>	<Not Applicable>
Other - Cocoa	<Not Applicable>	<Not Applicable>
Other - Coffee	<Not Applicable>	<Not Applicable>

**F3.2**

**(F3.2) Have you identified any forests-related opportunities with the potential to have a substantive financial or strategic impact on your business?**

	Have you identified opportunities?
Timber products	<Not Applicable>
Palm oil	No
Cattle products	<Not Applicable>
Soy	No
Other - Rubber	<Not Applicable>
Other - Cocoa	<Not Applicable>
Other - Coffee	<Not Applicable>

**F3.2b**

### (F3.2b) Why does your organization not consider itself to have forests-related opportunities?

#### Palm oil

##### Primary reason

Opportunities exist, but none with potential to have a substantive financial or strategic impact on business

##### Please explain

###### i) DEFINITION:

Bayer purchases only a very small quantity of palm oil derivatives for a very small number of products. In the financial year 2021, our revenue from these products, represented approximately 3% of our company's total revenue.

We would categorize SUBSTANTIVE OPPORTUNITIES somehow at a sales impact in the range between EUR 750-1,500 million. As minor player in the industry there are no significant forest-related opportunities directly related to our products containing palm oil derivatives. Nevertheless, forests are key to reach our sustainability goals which we have announced in 2019.

###### EXAMPLE:

The climate strategy includes our activities regarding carbon offsetting globally. Bayer's offsetting should support reforestation and other biodiversity-enhancing programs, ideally developed with and supported by our customers.

Replacing or exchanging different ingredients (e.g., replacing palm oil derivatives, or switching towards palm oil ingredients) in our products would mean, that in most countries a new registration of the product would be required. This new registration would require new testing and could take a long time. Especially for medical products, all ingredients have a purpose to treat people and improve their health. Due to these regulatory and product quality requirements we do not consider replacing ingredients of existing product formulations.

###### ii) METHOD AND ASSESSMENT CYCLE:

Our strategy departments CONTINUOUSLY monitor market developments and arising opportunities.

###### EXAMPLE:

One new business opportunity is the Bayer Carbon Initiative. Bayer wants to reward growers to generate carbon credits by adopting climate-smart practices and creating a new revenue stream on-farm. With this initiative we want to strengthen sustainable agriculture and emphasize that agriculture can positively impact climate change. Bayer's industry-leading Carbon Initiative is the result of years of work validating a science-based approach and methodology to make this happen. It recognizes the pivotal role growers and their land can play in helping to create lasting, positive environmental impacts and is the latest in the company's sustainability commitments. Forest protection is also part of the Bayer Carbon Initiative, but this is not specific for palm oil, but on all activities.

#### Soy

##### Primary reason

Opportunities exist, but none with potential to have a substantive financial or strategic impact on business

##### Please explain

###### i) DEFINITION:

Bayer purchases only a very small quantity of soy derivatives for a very small number of products. In the financial year 2021, our revenue from these products, represented approximately 4% of our company's total revenue.

We would categorize SUBSTANTIVE OPPORTUNITIES somehow at a sales impact in the range between EUR 750-1,500 million. As minor player in the industry there are no significant forest related opportunities directly related to our products containing soy derivatives. Nevertheless, forests are key to reach our sustainability goals which we have announced in 2019.

###### EXAMPLE:

The climate strategy includes our activities regarding carbon offsetting globally. Bayer's offsetting should support reforestation and other biodiversity-enhancing programs, ideally developed with and supported by our customers.

Replacing or exchanging different ingredients (e.g., replacing soy derivatives, or switching towards soy ingredients) in our products would mean, that in most countries a new registration of the product would be required. This new registration would require new testing and could take a long time. Especially for medical products, all ingredients have a purpose to treat people and improve their health. Due to these regulatory and product quality requirements we do not consider replacing ingredients of existing product formulations.

###### ii) METHOD AND ASSESSMENT CYCLE:

Our strategy departments CONTINUOUSLY monitor market developments and arising opportunities.

###### EXAMPLE:

One new business opportunity is the Bayer Carbon Initiative. Bayer wants to reward growers to generate carbon credits by adopting climate-smart practices and creating a new revenue stream on-farm. With this initiative we want to strengthen sustainable agriculture and emphasize that agriculture can positively impact climate change. Bayer's industry-leading Carbon Initiative is the result of years of work validating a science-based approach and methodology to make this happen. It recognizes the pivotal role growers and their land can play in helping to create lasting, positive environmental impacts and is the latest in the company's sustainability commitments. Forest protection is also part of the Bayer Carbon Initiative, but this is not specific for soy, but on all activities.

## F4. Governance

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### F4.1

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#### (F4.1) Is there board-level oversight of forests-related issues within your organization?

Yes

#### F4.1a

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**(F4.1a) Identify the position(s) of the individual(s) (do not include any names) on the board with responsibility for forests-related issues.**

Position of individual	Please explain
Chief Executive Officer (CEO)	<p>RELATION TO FOREST: The highest level of responsibility for FOREST-related issues 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 CLIMATE-RELATED TARGETS AND MEASURES with a linkage to FOREST.</p> <p>The position was selected to ensure that FOREST-RELATED RISKS AND OPPORTUNITIES are identified AT GROUP-LEVEL and FOREST-RELATED TARGETS AND MEASURES ARE DRIVEN GROUP-WIDE and integrated into Bayer's business strategy. In his role as CSO, the CEO is supported by the Public Affairs, Science &amp; Sustainability (PASS) enabling function.</p> <p>FOREST-RELATED DECISIONS:                      In 2020, Bayer's Board of Management including the CSO advanced Bayer's sustainability strategy. This strategy includes FOREST-RELATED activities including global carbon offsetting. Bayer's offsetting supports reforestation and other carbon compensation programs.</p>

**F4.1b**

**(F4.1b) Provide further details on the board's oversight of forests-related issues.**

	Frequency that forests-related issues are a scheduled agenda item	Governance mechanisms into which forests-related issues are integrated	Please explain
Row 1	Scheduled - some meetings	Monitoring implementation and performance Overseeing acquisitions and divestiture Overseeing major capital expenditures Providing employee incentives Reviewing and guiding annual budgets Reviewing and guiding business plans Reviewing and guiding corporate responsibility strategy Reviewing and guiding major plans of action Reviewing and guiding risk management policies Reviewing and guiding strategy Reviewing innovation / R&D priorities Setting performance objectives	<p>i) WHO BRIEFES THE BOARD ON WHAT:                      In REGULAR JOUR FIXES, the Chief Sustainability Officer (CSO) and the Head of Public Affairs, Science &amp; Sustainability (PASS) discuss operational topics in the field of sustainability, incl. forest-related issues. Forest-related strategic decisions are brought up in board discussions by the Head of PASS or the CSO as needed. In REGULAR MEETINGS of the Board and the Supervisory Board the group-wide sustainability strategy incl. forest-related issues is discussed.                      The CSO and the CFO are informed several times e.g., by the Annual Report taskforce during the reporting cycle. The Head of PASS monthly reports HSE KPIs to the CSO.                      As our Crop Science Business has major dependencies and potentials for forest the division head of Crop Science brings up environmental related topics.</p> <p>ii) CONTRIBUTION TO BOARD OVERSIGHT:                      The governance mechanisms selected contribute to an informed view of the Board and ensure a coherent and Group-wide response, if needed.                      EXAMPLE: In 2020, the CSO decided to commit the Bayer AG to an ambitious offsetting strategy focusing on avoidance and reforestation. This offsetting strategy is part of our climate related target. Through the reporting of defined KPIs described above, the Board can ensure a Group-wide response in case of any deviations. As the climate related targets are part of the board compensation there is an additional pull to stay informed on progress and measures.</p>

**F4.1d**



**(F4.1d) Does your organization have at least one board member with competence on forests-related issues?**

Row 1

**Board member(s) have competence on forests-related issues**

Yes

**Criteria used to assess competence on forests-related issues**

The top level of responsibility is held by the Chairman of the Board of Management (BoM) in his role as Chief Sustainability Officer (CSO) together with the entire BoM. An external Sustainability Council (SC) provides the BoM with constructive criticism in all sustainability matters. The Public Affairs, Science, Sustainability (PASS) & HSE Enabling Function helps the CSO and the BoM to identify risks and opportunities, develop strategies and define targets and guidelines for sustainability management, and ensures the governance of all sustainability issues incl. FOREST.

**EXPERTISE:**

The CSO is CONTINUOUSLY INFORMED ABOUT THE STATUS OF CLIMATE-RELATED TARGETS AND MEASURES incl. FOREST during his regular meetings with the Head of PASS, who monitors all relevant topics in the field of sustainability. He is an expert in the field of sustainability incl. FOREST with 25 years of experience. Today he is part of the UN Climate and Water Leaders of the World Meteorological Organization (WMO). The CSO is responsible for our sustainability strategy, which includes forest-related activities including global carbon offsetting. Bayer's offsetting supports reforestation and other carbon compensation programs.

In 2022, our new Head of the Crop Science Division joined the BoM. From more than 25 years of experience working in the crop science business, he has a wide knowledge in the area of agriculture and interlinkages with sustainability.

In our SC we have an expert within sustainability incl. FOREST with more than 30 years of experience. His focus is among others in biodiversity science and policy, including as Executive Secretary of the UN Convention on Biological Diversity and as National Secretary for Biodiversity and Forests in Brazil's Ministry of the Environment. He also holds numerous positions in national and international NGOs and committees.

From 2022 onwards, we have installed an ESG Committee to discuss all relevant sustainability topics. The ESG Committee comprises the Chairman of the Supervisory Board and seven other Supervisory Board members. It has an equal number of stockholder representatives and employee representatives.

**ENGAGEMENT:**

The CSO participated actively at the COP 26 from the United Nations Framework Convention on Climate Change (UNFCCC).

He is supporting our Carbon Farming initiative that offers farmers in Brazil, United States, Europe and Asia financial incentives to apply climate-friendly methods and capture greenhouse gases in the soil.

**Primary reason for no board-level competence on forests-related issues**

<Not Applicable>

**Explain why your organization does not have at least one board member with competence on forests-related issues and any plans to address board-level competence in the future**

<Not Applicable>

F4.2

**(F4.2) Provide the highest management-level position(s) or committee(s) with responsibility for forests-related issues (do not include the names of individuals).**

Name of the position(s) and/or committee(s)	Responsibility	Frequency of reporting to the board on forests-related issues	Please explain
Chief Executive Officer (CEO)	Both assessing and managing forests-related risks and opportunities	More frequently than quarterly	<p>i) POSITION: The CSO is the Chairman of the Board of Management (BoM). In this position, he reports to the Supervisory Board. He is the direct superior of the Head of PASS (PA, Science &amp; Sustainability) who leads the group-wide sustainability function.</p> <p>ii) FOREST-RELATED TOPICS REPORTED: In REGULAR JOUR FIXES, the CSO and Head of PASS discuss operational topics in the field of sustainability, incl. forest-related issues. For REGULAR MEETINGS of the BoM, the Supervisory Board and the Sustainability Council the group-wide sustainability strategy incl. forest-related issues is discussed. Target achievement is reported ANNUALLY to the BoM in a REGULAR BOARD MEETING.</p> <p>iii) RESPONSIBILITIES: The CSO carries DIRECT RESPONSIBILITY for the group-wide sustainability program incl. FOREST TOPICS, climate-related targets and measures. For example, in 2020, the CSO decided to commit the Bayer AG to the ambitious offsetting strategy of Bayer. The CSO is also responsible for SIGNING OFF BAYER'S RESPONSE TO THE CDP FOREST REQUEST.</p> <p>OUTLOOK: We installed an ESG Committee (ESGC) to discuss all relevant sustainability topics. The ESGC comprises the Chairman of the Supervisory Board and seven other Supervisory Board members. It has an equal number of stockholder representatives and employee representatives.</p> <p>Furthermore, a newly created Sustainability Decision Committee among the highest operational management level has been established in 2022.</p>

F4.3

**(F4.3) Do you provide incentives to C-suite employees or board members for the management of forests-related issues?**

	Provide incentives for management of forests-related issues	Comment
Row 1	Yes	<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. 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 (incl. FOREST) as additional criteria for individual one-time payments (Top Performance Award).</p> <p>Non-financial targets, including our climate-related targets (incl. FOREST), already constitute components of the short-term variable compensation of the Board of Management. Furthermore, since 2021, quantitative targets derived from the sustainability strategy are set to become important components of the long-term variable compensation of the Board of Management.</p>

F4.3a

**(F4.3a) What incentives are provided to C-Suite employees or board members for the management of forests-related issues (do not include the names of individuals)?**

	Role(s) entitled to incentive?	Performance indicator	Please explain
Monetary reward	Board chair Board/Executive board Director on board Chief Executive Officer (CEO) Chief Financial Officer (CFO) Chief Operating Officer (COO) Chief Sustainability Officer (CSO)	Achievement of commitments and targets	<p>i) DETAILS ON THE INDICATOR/S AND THRESHOLDS: Bayer remunerates employees in accordance with a transparent and fair system that includes fixed and variable salary components. 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. 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.</p> <p>ii) METHOD FOR MEASUREMENT: The specific sustainability targets for all board members are disclosed in the Compensation Report. An explanation of how the achievement of the individual sustainability targets was determined will be published subsequently in a Compensation Report.</p> <p>iii) RATIONALE: These indicators were chosen because compliance is essential for our long-term economic success and sustainability is a key strategic lever for Bayer. In 2019, we announced a comprehensive package of measures and new sustainability targets, pursuing our sustainability targets with the same vigor as our financial targets. Bayer has introduced compensation methods and link these also to sustainability goals to strengthen our sustainability culture. THIS IS WHY the above indicators were chosen.</p>
Non-monetary reward	Board/Executive board Other, please specify (All employees)	Other, please specify (non-monetary award)	<p>i) DETAILS ON THE INDICATOR/S: All Bayer employees globally can contribute to the worldwide innovation platform WeSolve to develop solutions, including those referring to forest. 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 forest-related topics outlined in the performance indicator column.</p> <p>ii) RATIONALE: Bayer has introduced the worldwide innovation platform WeSolve to strengthen the innovation culture in all business areas and to enhance worldwide collaboration.</p>

F4.4

**(F4.4) Did your organization include information about its response to forests-related risks in its most recent mainstream financial report?**

Yes (you may attach the report – this is optional)  
Bayer-Annual-Report-2021.pdf

F4.5

**(F4.5) Does your organization have a policy that includes forests-related issues?**

Yes, we have a documented forests policy that is publicly available

F4.5a

**(F4.5a) Select the options to describe the scope and content of your policy.**

	Scope	Content	Please explain
Row 1	Company-wide	<p>Commitment to best management practices for soils and peat</p> <p>Commitment to take action beyond own supply chain to tackle environmental issues</p> <p>Commitment to resolving both social and environmental issues in own operations and supply chain</p> <p>Commitment to protect rights and livelihoods of local communities</p> <p>Commitments beyond regulatory compliance</p> <p>Commitment to stakeholder awareness and engagement</p> <p>Commitment to align with the SDGs</p> <p>Recognition of the overall importance of forests and other natural ecosystems</p> <p>Description of business dependency on forests</p> <p>Recognition of potential business impact on forests and other natural ecosystems</p> <p>Description of forest risk commodities, parts of the business, and stages of value-chain covered by the policy</p> <p>List of timebound milestones and targets</p> <p>Description of forests-related standards for procurement</p>	<p>i) COMMODITIES, PARTS OF THE BUSINESS AND STAGES OF VALUE-CHAIN COVERED BY THE POLICY:</p> <p>As part of our commitment to the SDG #15 Life on Land, we aim to protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, and halt and reverse land degradation and biodiversity loss.</p> <p>The Bayer Deforestation and Forest Degradation Position as well as the Biodiversity Position are COMPANY-WIDE BECAUSE deforestation is a GLOBAL topic and one of our MAIN ENVIRONMENTAL ASPECTS. Bayer provides innovative solutions to global challenges. Protecting existing forests and helping to restore forest land is such a challenge. Including working with our farmers, customers and within our supply chain, we seek to address the drivers of deforestation and forest degradation. We have a public commitment on our supplier management in the areas of PALM OIL and SOY. We support the certified sustainable production of these raw materials as a purchaser of plant oil derivatives.</p> <p>We are CONSTANTLY UPDATING our policies and activities, e.g. in 2020, the 100 million smallholder target. We are currently updating our activities and have initiated a supplier engagement project. Our positions are yearly reviewed by the sustainability function.</p> <p>ii) EXPLANATION HOW THE POLICY INFORMS INTERNAL DECISION MAKING:</p> <p>Our positions include a description of our BUSINESS DEPENDENCY ON FOREST outlining that agricultural innovations can help reduce the need to expand crop production areas into natural habitats such as woodlands and FOREST (recognizing their LINKAGE). Our commitment to reduce our BUSINESS IMPACT ON FOREST by improving FOREST-RELATED PERFORMANCE IN DIRECT OPERATIONS AND BEYOND is included, e.g. Bayer aims for ZERO NET DEFORESTATION in our supply chain and we are committed to develop INNOVATIVE PRODUCTS AND TECHNOLOGIES for the market.</p> <p>We also include farmer EDUCATION e.g. skills building for farmers.</p> <p>Bayer is committed to CONSERVING and RESTORING biodiversity within and beyond agricultural fields through our technologies and services. In addition, we need to find new partnerships to better address the nexus between climate change and nature degradation and the need to improve food security.</p> <p>EXAMPLE: In our Carbon Initiative in Brazil, only farmer who commit to the forest code can join.</p> <p>Further information: Carbono Bayer Brasil &amp; LATAM.</p>

**F4.5b**

**(F4.5b) Do you have commodity specific sustainability policy(ies)? If yes, select the options that best describe their scope and content.**

	Do you have a commodity specific sustainability policy?	Scope	Content	Please explain
Timber products	<Not Applicable>	<Not Applicable >	<Not Applicable>	<Not Applicable>
Palm oil	Yes	Company-wide	<p>Commitment to protect rights and livelihoods of local communities</p> <p>Commitments beyond regulatory compliance</p> <p>Commitment to resolving both social and environmental issues in own operations and supply chain</p> <p>Commitment to stakeholder awareness and engagement</p> <p>Commitment to align with the SDGs</p> <p>Recognition of the overall importance of forests and other natural ecosystems</p> <p>Description of business dependency on forests</p> <p>Recognition of potential business impact on forests and other natural ecosystems</p> <p>Description of forest risk commodities, parts of the business, and stages of value-chain covered by the policy</p> <p>List of timebound commitments and targets</p> <p>Description of forests-related standards for procurement</p>	<p>i) COMMODITIES, PARTS OF THE BUSINESS AND STAGES OF VALUE-CHAIN : Regarding PALM OIL we have a company-wide policy outlined as public commitment on our supplier management website and in our Supplier Code of Conduct (SCoC). This process and policy define our activities.</p> <p>Bayer believes in sustainable value chains with the focus on sustainable production, transparency, traceability and certification. Our activities are aligned with the elements of the Accountability Framework. We collaborate with our partners and suppliers to further decrease our environmental footprint and set social and ethical standards.</p> <p>We support the certified sustainable production of these raw materials as a purchaser of plant oil derivatives and are member of the renowned organization "Roundtable on Sustainable Palm Oil" (RSPO).</p> <p>Bayer is officially committed to the SDG #15 Life on Land. Our Position on Forest Degradation includes a description of our BUSINESS DEPENDENCY ON FOREST.</p> <p>We are CONSTANTLY UPDATING our policies and activities. As we are currently engaging with our palm oil suppliers we will update our internal procedure and policies in 2022. Our positions are yearly reviewed by our sustainability team.</p> <p>ii) EXPLANATION HOW THE POLICY INFORMS INTERNAL DECISION MAKING: The position includes our commitment to reduce our BUSINESS IMPACT ON FOREST by improving FOREST-RELATED PERFORMANCE IN DIRECT OPERATIONS AND BEYOND, e.g. Bayer aims for ZERO NET DEFORESTATION in our supply chain – and we encourage our licensees to do the same. Another example was the switch towards RSPO Mass Balance certification.</p> <p>In the Bayer Biodiversity Position, we commit to CONSERVING and RESTORING biodiversity within and beyond agricultural fields through our technologies and services and THUS considered palm oil as a topic of HIGH IMPORTANCE and public awareness.</p> <p>The stakeholder dialogue helps us to recognize important trends and developments at an early stage and take this information into account when shaping our business and relevant policies.</p> <p>Combined with our zero net deforestation position, SCoC and our Position on Biodiversity, we see an obligation for a clear commitment despite the low volume of palm oil derivatives we buy.</p> <p>The policies have an influence on our procurement procedures and emphasize the requirements for sustainable palm oil derivatives.</p>
Cattle products	<Not Applicable>	<Not Applicable >	<Not Applicable>	<Not Applicable>
Soy	Yes	Company-wide	<p>Commitment to protect rights and livelihoods of local communities</p> <p>Commitments beyond regulatory compliance</p> <p>Commitment to resolving both social and environmental issues in own operations and supply chain</p> <p>Commitment to stakeholder awareness and engagement</p> <p>Commitment to align with the SDGs</p> <p>Recognition of the overall importance of forests and other natural ecosystems</p> <p>Description of business dependency on forests</p> <p>Recognition of potential business impact on forests and other natural ecosystems</p> <p>Description of forest risk commodities, parts of the business, and stages of value-chain covered by the policy</p> <p>List of timebound commitments and targets</p> <p>Description of forests-related standards for procurement</p>	<p>i) COMMODITIES, PARTS OF THE BUSINESS AND STAGES OF VALUE-CHAIN: Regarding SOY we have a policy outlined as public commitment on our supplier management website and in our Supplier Code of Conduct (SCoC). This process and policy define our activities.</p> <p>Bayer believes in sustainable value chains with the focus on sustainable production, transparency, traceability and certification. Our activities are aligned with the elements of the Accountability Framework. We collaborate with our partners and suppliers to further decrease our environmental footprint and set social and ethical standards.</p> <p>We support the certified sustainable production of these raw materials as a purchaser of soy derivatives. We are member of the renowned RTRS and purchase so-called "credits" according to the quantities we use. Crop Science also cooperates with the RTRS to provide mutual support in the certification of Brazilian soybean producers according to the high ecological, social and economic criteria of the RTRS.</p> <p>Bayer is officially committed to the SDG #15 Life on Land. The Bayer Position on Forest Degradation includes a description of our BUSINESS DEPENDENCY ON FOREST.</p> <p>We are CONSTANTLY UPDATING our policies and activities. Our positions are yearly reviewed by our sustainability team.</p> <p>ii) EXPLANATION HOW THE POLICY INFORMS INTERNAL DECISION MAKING: The position includes our commitment to reduce our BUSINESS IMPACT ON FOREST by improving FOREST-RELATED PERFORMANCE IN DIRECT OPERATIONS AND BEYOND e.g. Bayer aims for ZERO NET DEFORESTATION in our supply chain – and we encourage our licensees to do the same.</p> <p>In the Bayer Biodiversity Position, we commit to CONSERVING and RESTORING biodiversity within and beyond agricultural fields through our technologies and services and considered soy as a topic of HIGH IMPORTANCE and public awareness.</p> <p>The stakeholder dialogue helps us to recognize important trends and developments at an early stage and take this information into account when shaping our business and relevant policies.</p> <p>Combined with our zero net deforestation position, SCoC and our Position on Biodiversity, we see an obligation for a clear commitment despite the low volume of soy derivatives we buy.</p> <p>The policies and position above have an influence on our procurement procedures and emphasize the requirements for sustainable soy derivatives as well as the RTRS process.</p>
Other - Rubber	<Not Applicable>	<Not Applicable >	<Not Applicable>	<Not Applicable>
Other - Cocoa	<Not Applicable>	<Not Applicable >	<Not Applicable>	<Not Applicable>
Other - Coffee	<Not Applicable>	<Not Applicable >	<Not Applicable>	<Not Applicable>

**F4.6**

**(F4.6) Has your organization made a public commitment to reduce or remove deforestation and/or forest degradation from its direct operations and/or supply chain?**

Yes

**F4.6a**

**(F4.6a) Has your organization endorsed any of the following initiatives as part of its public commitment to reduce or remove deforestation and/or forest degradation?**

Other, please specify (RSPO; Matopiba Coalition; WEF; WBCSD; CEBDS; Brazilian Coalition for Climate, Forest and Agriculture; SBTi; Xingu 2030, Brazilian Forest Code, Coalizão Brasil, RTRS, CEBDS, ICC, Climate Connection, Imagine, ABAG, Insper, Leaf Coalition)

**F4.6b**

**(F4.6b) Provide details on your public commitment(s), including the description of specific criteria, coverage, and actions.**

**Forest risk commodity**

Palm oil

**Criteria**

Zero net deforestation  
Avoidance of negative impacts on threatened and protected species and habitats  
Collaborate in landscapes/jurisdictions to progress shared sustainable land use goals  
Implementation of Nature-based Solutions that support landscape restoration and long-term protection of natural ecosystems  
Promotion of gender equality and women's empowerment  
Adoption of the UN International Labour Organization principles  
Facilitate the inclusion of smallholders into the supply chain  
Build community capacity and incentivize engagement in multi-stakeholder processes  
No sourcing of illegally produced and/or traded forest risk commodities  
No sourcing of forest risk commodities from unknown/controversial sources

**Operational coverage**

Direct operations and supply chain

**% of total production/ consumption covered by commitment**

100%

**Cutoff date**

Not applicable

**Commitment target date**

2026-2030

**Please explain**

DETAILS:

Regarding palm oil we have a policy outlined as public commitment on our supplier management website and references in our Supplier Code of Conduct. In 2021, Bayer has decided to move from the credit system towards the RSPO Supply Chain Certification, the RSPO Mass Balance Certification. We understand the complexity of our value chains, therefore 2021 marks a transition year for us. In 2022, we want to achieve 50% Mass Balance certification, in 2023 60%, in 2024 70%, in 2025 80%, in 2026 90% and in 2027 almost 100% certified sustainable palm (kernel) oil. We invite all stakeholders to follow and support in this process.

As part of the Bayer Supplier Code of Conduct, we expect

- a) "Voluntary, usually THIRD PARTY-ASSESSED, norms and standards relating to environmental, social, ethical and safety issues, adopted by companies to demonstrate the performance of their organizations or products in specific areas, e.g. FSC, Roundtable on Sustainable Palm Oil, Responsible Minerals Initiative," as well as
- b) to "ensure the conservation of renewable natural resources, suppliers shall promote the application of broadly recognized SUSTAINABILITY STANDARDS and CERTIFICATION that have been developed by multiple stakeholders. Negative impacts on the environment and climate caused by the suppliers or in their supply chain shall be minimized or eliminated at their source".

Additionally, we have a Forest Degradation Position and a Biodiversity Position. Both positions are valid for all Bayer group companies.

The Bayer Deforestation and Forest Degradation Position is a GLOBAL position and therefore valid for the complete Group. Bayer provides innovative solutions to global challenges. Protecting existing forests and helping to restore forest land is a challenge.

Working with our farmers, customers and within our supply chain, we seek to address the drivers of deforestation. Agriculture innovations can help reduce the need to expand crop production areas into natural habitats such as woodlands and FOREST. Our activities are aligned with the elements of the Accountability Framework. We collaborate with our partners and suppliers to further decrease our environmental footprint and set social and ethical standards.

EXAMPLES:

- 1) Bayer aims for zero net deforestation in our supply chain – and will encourage our licensees to do the same. As the most prominent example, we will ensure 100% compliance with the Brazilian Forest Code in our production fields.
- 2) We are committed to using Bayer's expertise and technologies to support Brazil's goal of restoring 12 million hectares of native forest by 2030.
- 3) With our ForwardFarming programs for example in the Brazilian Cerrados, Bayer trains and educates farmers with sustainable practices (<https://www.cropscience.bayer.com/people-planet/forwardfarming/nossa-senhora-aparecida>).

**Forest risk commodity**

Soy

**Criteria**

No conversion of natural ecosystems  
Zero net deforestation  
Avoidance of negative impacts on threatened and protected species and habitats  
Collaborate in landscapes/jurisdictions to progress shared sustainable land use goals  
Implementation of Nature-based Solutions that support landscape restoration and long-term protection of natural ecosystems  
Promotion of gender equality and women's empowerment  
Adoption of the UN International Labour Organization principles  
Facilitate the inclusion of smallholders into the supply chain  
Build community capacity and incentivize engagement in multi-stakeholder processes  
No sourcing of illegally produced and/or traded forest risk commodities  
No sourcing of forest risk commodities from unknown/controversial sources

**Operational coverage**

Direct operations and supply chain

**% of total production/ consumption covered by commitment**

100%

**Cutoff date**

No cutoff date

**Commitment target date**

2026-2030

**Please explain****DETAILS:**

Regarding soy we have a policy outlined as public commitment on our supplier management website and references in our Supplier Code of Conduct. We are committed to 100% adherence to the RTRS book & claim process and therefore support the production of sustainable soy.

As part of the Bayer Supplier Code of Conduct, we expect

- a) "Voluntary, usually THIRD PARTY-ASSESSED, norms and standards relating to environmental, social, ethical and safety issues, adopted by companies to demonstrate the performance of their organizations or products in specific areas, e.g. FSC" as well as
- b) to "ensure the conservation of renewable natural resources, suppliers shall promote the application of broadly recognized SUSTAINABILITY STANDARDS and CERTIFICATION that have been developed by multiple stakeholders. Negative impacts on the environment caused by the suppliers or in their supply chain shall be minimized or eliminated".

We have a Forest Degradation Position and a Biodiversity Position. Both positions are valid for all Bayer Group companies.

Bayer provides innovative solutions to global challenges. Protecting existing forests and helping to restore forest land is a challenge.

Working with our farmers, customers and within our supply chain, we seek to address the drivers of deforestation. Agriculture innovations can help reduce the need to expand crop production areas into natural habitats such as woodlands and FOREST. We are continuously promoting sustainable agriculture.

Our activities are aligned with the elements of the Accountability Framework. We collaborate with our partners and suppliers to further decrease our environmental footprint and set social and ethical standards.

**EXAMPLES:**

- 1) Bayer aims for zero net deforestation in our supply chain – and will encourage our licensees to do the same. As the most prominent example, we will ensure 100% compliance with the Brazilian Forest Code in our production fields.
- 2) We are committed to using Bayer's expertise and technologies to support Brazil's goal of restoring 12 million hectares of native forest by 2030.
- 3) On an operational level, Crop Science also cooperates with the RTRS to provide mutual support in the certification of Brazilian soybean producers according to the high ecological, social and economic criteria of the RTRS.
- 4) With our ForwardFarming programs for example in the Brazilian Cerrados, Bayer trains and educates farmers with sustainable practices (<https://www.cropscience.bayer.com/people-planet/forwardfarming/nossa-senhora-aparecida>).
- 5) Bayer's current Platform, Impulso Bayer (185K customers) has the potential to recognize and reward farmers compliance with the Brazilian Forest Code. Building on Bayer's Pro Carbono initiative, Brazil Impulso Bayer Green seeks to reward sustainable-conscious farmers via access to additional benefits on top of services already available covering the entire spectrum of Bayer's business in Brazil.

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**F5. Business strategy**

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**F5.1**

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**(F5.1) Are forests-related issues integrated into any aspects of your long-term strategic business plan, and if so how?**

	Are forests-related issues integrated?	Long-term time horizon (years)	Please explain
Long-term business objectives	Yes, forests-related issues are integrated	5-10	<p>i) COMPANY-SPECIFIC DESCRIPTION OF LONG-TERM BUSINESS OBJECTIVES:                      Bayer has reviewed and extended the development of our sustainable strategy in 2019: in a structured process, we looked at the total of 17 SDG goals and 169 targets and identified those where Bayer has the biggest effect on people, the environment and society, and can make the biggest impact through its business.                      In focusing our strategy on sustainability, we have set our own targets for 2030 that will make a relevant contribution to achieving the UN Development Goals – based on our core competencies, this means in particular combating hunger (SDG 2) and promoting health (SDG 3). However, we will also work resolutely toward promoting gender equality (SDG 5), reducing greenhouse gases, tackling climate change (SDG 13) and supporting life on land (SDG 15).</p> <p>Through the establishment of sustainability goals, we included forest-related topics into our long-term non-financial business objectives (e.g. in supplier management or resource efficiency). For instance, we set the target for ZERO NET DEFORESTATION in our supply chain – and will encourage our licensees to do the same. As the most prominent example, we will ensure 100% compliance with the Brazilian Forest Code in our production fields. We are committed to using Bayer’s expertise and technologies to support Brazil’s goal of restoring twelve million hectares of native forest by 2030.                      Another objective is the commitment to become climate neutral in our own operations by 2030. To accomplish this, we will offset part of our emissions through investments in reforestation projects.</p> <p>ii) EXAMPLE:                      Sustainability is integrated into our long-term business objectives, leading to projects with sustainability and business relevance. The development of non-financial goals CHANGED the awareness of the importance of sustainability within the company for securing Bayer’s license to operate. Our Bayer Carbon Initiative is one example, where we integrate agricultural business strategy in active contribution to promote sustainability with incentives for farmers to protect forests. We want to drive this business on a long term and benefit the environment as well as the farmers.</p>
Strategy for long-term objectives	Yes, forests-related issues are integrated	5-10	<p>i) COMPANY-SPECIFIC DESCRIPTION OF STRATEGY TO ACHIEVE LONG-TERM OBJECTIVES:                      In focusing our strategy on sustainability, we have set our own targets for 2030 that will make a relevant contribution to achieving the UN Development Goals – based on our core competencies, this means in particular combating hunger (SDG 2) and promoting health (SDG 3). However, we will also work resolutely toward promoting gender equality (SDG 5), reducing greenhouse gases, tackling climate change (SDG 13) and supporting life on land (SDG 15).</p> <p>FOREST considerations as part of climate-change considerations are factored into new product development and therewith have an IMPACT on our strategy for achieving long-term business objectives.</p> <p>ii) EXAMPLE:                      Forest-related issues to achieve our Bayer Position on Deforestation and Forest Degradation include e.g. the target to aim for zero net deforestation in our supply chain.                      1) Our Bayer Carbon Initiative is one example where we integrate agricultural business strategy in active contribution to promote sustainability with incentives for farmers to protect forests. We want to drive this business on a long term and benefit the environment as well as the farmers.                      2) Bayer’s current Platform, Impulso Bayer (185K customers) has the potential to recognize and reward farmers compliance with the Brazilian Forest Code. Building on Bayer’s Pro Carbono initiative, Brazil Impulso Bayer Green seeks to reward sustainable-conscious farmers via access to additional benefits on top of services already available covering the entire spectrum of Bayer’s business in Brazil, including crop protection, corn seed, Roundup, Intacta and Intacta 2 Xtend soybeans.</p>
Financial planning	Yes, forests-related issues are integrated	5-10	<p>i) COMPANY-SPECIFIC DESCRIPTION OF FINANCIAL PLANNING:                      Through the establishment of sustainability goals we included forest-related topics into our financial planning. As stated above, FOREST considerations as part of climate-change considerations are factored into new product development and therewith have an IMPACT on our strategy AND FINANCIAL PLANNING for achieving long-term business objectives. Bayer’s 2021 R&amp;D investment of EUR 2.029 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. 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>In focusing our strategy on sustainability, we have set our own targets for 2030 that will make a relevant contribution to achieving the UN Development Goals – based on our core competencies, this means in particular combating hunger (SDG 2) and promoting health (SDG 3). However, we will also work resolutely toward promoting gender equality (SDG 5), reducing greenhouse gases, tackling climate change (SDG 13) and supporting life on land (SDG 15).</p> <p>ii) EXAMPLE:                      Sustainability including FOREST is integrated into our financial planning, e.g. certificates, reforestation projects (carbon removal projects). We have committed to offset remaining emissions by 2030 and finance offsets already today. Based on our business purpose, we focus on nature-based solutions relating to forest and agriculture. Further information can be found in our Offsetting Approach: <a href="https://www.bayer.com/en/sustainability/climate-protection">https://www.bayer.com/en/sustainability/climate-protection</a>                      Additionally, we have joined the LEAF Coalition to conquer deforestation and preserve biodiversity. Further information can be found here: <a href="https://www.bayer.com/en/news-stories/bayer-joins-coalitions-to-conquer-deforestation-and-preserve-biodiversity">https://www.bayer.com/en/news-stories/bayer-joins-coalitions-to-conquer-deforestation-and-preserve-biodiversity</a></p>

**F6. Implementation**

**F6.1**

**(F6.1) Did you have any timebound and quantifiable targets for increasing sustainable production and/or consumption of your disclosed commodity(ies) that were active during the reporting year?**

Yes

**F6.1a**

**(F6.1a) Provide details of your timebound and quantifiable target(s) for increasing sustainable production and/or consumption of the disclosed commodity(ies), and progress made.**

**Target reference number**

Target 1

**Forest risk commodity**

Palm oil

**Type of target**

Third-party certification

**Description of target**

Achieve 50% coverage of purchased palm derivate adherence to mass balance process.

**Linked commitment**

Zero net/gross deforestation

**Traceability point**

<Not Applicable>

**Third-party certification scheme**

RSPO Mass Balance

**Start year**

2021

**Target year**

2022

**Quantitative metric**

<Not Applicable>

**Target (number)**

<Not Applicable>

**Target (%)**

50

**% of target achieved**

2

**Please explain**

In 2021, 1% of our purchased quantities were RSPO Mass Balance certified. In 2022, we want to achieve 50% Mass Balance certification. We have been reaching out to all our suppliers to change contracts and include the requirements to deliver Mass Balance. Only a limited number of suppliers are able to deliver Mass Balance quality. The current situation limits the availability even further.

WHY PARTICULAR TARGET WAS CHOSEN: In 2021, Bayer has decided to move from the credit system towards the RSPO Supply Chain Certification, the RSPO Mass Balance Certification. We understand the complexity of our value chains, and therefore we have set a gradual increase in our Mass Balance certified purchased volumes for the next few years: In 2022, we want to achieve 50% Mass Balance certification, in 2023 60%, in 2024 70%, in 2025 80%, in 2026 90% and in 2027 almost 100% certified sustainable palm (kernel) oil.

PLAN TO ACHIEVE THIS TARGET: With regard to palm oil derivatives, we support the certified sustainable production of these raw materials as a purchaser of plant oil derivatives, which is especially important in Southeast Asia but also other regions. We are member of the renowned organization "Roundtable on Sustainable Palm Oil" (RSPO), and since 2017 we bought RSPO-credits according to the quantities we use. The financial value of these credits rewards farmers who undertake to grow palm oil in a legal and ecologically, socially and economically sustainable way and who demonstrate this as part of an audited certification process. As a purchaser of derivatives we therefore focus on our engagements within the value chain especially on the fields. In 2021, we have reviewed our activities, revised our strategy, and included the Accountability Framework as a fundamental tool for further developments. We are continuously working to increase the transparency and traceability into the value chain. We have made substantial progress with our supplier engagement. At this point in time, we were not able to gain further information from our supplier on the country, state or jurisdictional origin. Our aim for the next years is to intensify this exchange and to increase transparency as well as traceability. We continue to work closely with our suppliers and develop together the capabilities to achieve the target.

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**Target reference number**

Target 2

**Forest risk commodity**

Palm oil

**Type of target**

Third-party certification

**Description of target**

Achieve 60% coverage of purchased palm derivate adherence to mass balance process.

**Linked commitment**

Zero net/gross deforestation

**Traceability point**

<Not Applicable>

**Third-party certification scheme**

RSPO Mass Balance

**Start year**

2021

**Target year**

2023

**Quantitative metric**

<Not Applicable>

**Target (number)**

<Not Applicable>

**Target (%)**

60

**% of target achieved**

2

**Please explain**

In 2021, 1% of our purchased quantities were RSPO Mass Balance certified. In 2023 we want to achieve 60% Mass Balance certification. We have been reaching out to all our suppliers to change contracts and include the requirements to deliver Mass Balance. Only a limited number of suppliers are able to deliver Mass Balance quality. The



current situation limits the availability even further.

**WHY PARTICULAR TARGET WAS CHOSEN:** In 2021, Bayer has decided to move from the credit system towards the RSPO Supply Chain Certification, the RSPO Mass Balance Certification. We understand the complexity of our value chains, and therefore we have set a gradual increase in our Mass Balance certified purchased volumes for the next few years: In 2022, we want to achieve 50% Mass Balance certification, in 2023 60%, in 2024 70%, in 2025 80%, in 2026 90% and in 2027 almost 100% certified sustainable palm (kernel) oil.

**PLAN TO ACHIEVE THIS TARGET:** With regard to palm oil derivatives, we support the certified sustainable production of these raw materials as a purchaser of plant oil derivatives, which is especially important in Southeast Asia but also other regions. We are member of the renowned organization "Roundtable on Sustainable Palm Oil" (RSPO), and since 2017 we bought RSPO-credits according to the quantities we use. The financial value of these credits rewards farmers who undertake to grow palm oil in a legal and ecologically, socially and economically sustainable way and who demonstrate this as part of an audited certification process. As a purchaser of derivatives we therefore focus on our engagements within the value chain especially on the fields. In 2021, we have reviewed our activities, revised our strategy, and included the Accountability Framework as a fundamental tool for further developments. We are continuously working to increase the transparency and traceability into the value chain. We have made substantial progress with our supplier engagement. At this point in time, we were not able to gain further information from our supplier on the country, state or jurisdictional origin. Our aim for the next years is to intensify this exchange and to increase transparency as well as traceability. We continue to work closely with our suppliers and develop together the capabilities to achieve the target.

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**Target reference number**

Target 3

**Forest risk commodity**

Palm oil

**Type of target**

Third-party certification

**Description of target**

Achieve 70% coverage of purchased palm derivate adherence to mass balance process.

**Linked commitment**

Zero net/gross deforestation

**Traceability point**

<Not Applicable>

**Third-party certification scheme**

RSPO Mass Balance

**Start year**

2021

**Target year**

2024

**Quantitative metric**

<Not Applicable>

**Target (number)**

<Not Applicable>

**Target (%)**

70

**% of target achieved**

2

**Please explain**

In 2021, 1% of our purchased quantities were RSPO Mass Balance certified. In 2024 we want to achieve 70% Mass Balance certification. We have been reaching out to all our suppliers to change contracts and include the requirements to deliver Mass Balance. Only a limited number of suppliers are able to deliver Mass Balance quality. The current situation limits the availability even further.

**WHY PARTICULAR TARGET WAS CHOSEN:** In 2021, Bayer has decided to move from the credit system towards the RSPO Supply Chain Certification, the RSPO Mass Balance Certification. We understand the complexity of our value chains, and therefore we have set a gradual increase in our Mass Balance certified purchased volumes for the next few years: In 2022, we want to achieve 50% Mass Balance certification, in 2023 60%, in 2024 70%, in 2025 80%, in 2026 90% and in 2027 almost 100% certified sustainable palm (kernel) oil.

**PLAN TO ACHIEVE THIS TARGET:** With regard to palm oil derivatives, we support the certified sustainable production of these raw materials as a purchaser of plant oil derivatives, which is especially important in Southeast Asia but also other regions. We are member of the renowned organization "Roundtable on Sustainable Palm Oil" (RSPO), and since 2017 we bought RSPO-credits according to the quantities we use. The financial value of these credits rewards farmers who undertake to grow palm oil in a legal and ecologically, socially and economically sustainable way and who demonstrate this as part of an audited certification process. As a purchaser of derivatives we therefore focus on our engagements within the value chain especially on the fields. In 2021, we have reviewed our activities, revised our strategy, and included the Accountability Framework as a fundamental tool for further developments. We are continuously working to increase the transparency and traceability into the value chain. We have made substantial progress with our supplier engagement. At this point in time, we were not able to gain further information from our supplier on the country, state or jurisdictional origin. Our aim for the next years is to intensify this exchange and to increase transparency as well as traceability. We continue to work closely with our suppliers and develop together the capabilities to achieve the target.

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**Target reference number**

Target 4

**Forest risk commodity**

Palm oil

**Type of target**

Third-party certification

**Description of target**

Achieve 80% coverage of purchased palm derivate adherence to mass balance process.

**Linked commitment**

Zero net/gross deforestation

**Traceability point**

<Not Applicable>

**Third-party certification scheme**

RSPO Mass Balance

**Start year**

2021

**Target year**

2025

**Quantitative metric**

<Not Applicable>

**Target (number)**

<Not Applicable>

**Target (%)**

80

**% of target achieved**

1

**Please explain**

In 2021, 1% of our purchased quantities were RSPO Mass Balance certified. In 2025 we want to achieve 80% Mass Balance certification. We have been reaching out to all our suppliers to change contracts and include the requirements to deliver Mass Balance. Only a limited number of suppliers are able to deliver Mass Balance quality. The current situation limits the availability even further.

WHY PARTICULAR TARGET WAS CHOSEN: In 2021, Bayer has decided to move from the credit system towards the RSPO Supply Chain Certification, the RSPO Mass Balance Certification. We understand the complexity of our value chains, and therefore we have set a gradual increase in our Mass Balance certified purchased volumes for the next few years: In 2022, we want to achieve 50% Mass Balance certification, in 2023 60%, in 2024 70%, in 2025 80%, in 2026 90% and in 2027 almost 100% certified sustainable palm (kernel) oil.

PLAN TO ACHIEVE THIS TARGET: With regard to palm oil derivatives, we support the certified sustainable production of these raw materials as a purchaser of plant oil derivatives, which is especially important in Southeast Asia but also other regions. We are member of the renowned organization "Roundtable on Sustainable Palm Oil" (RSPO), and since 2017 we bought RSPO-credits according to the quantities we use. The financial value of these credits rewards farmers who undertake to grow palm oil in a legal and ecologically, socially and economically sustainable way and who demonstrate this as part of an audited certification process. As a purchaser of derivatives we therefore focus on our engagements within the value chain especially on the fields. In 2021, we have reviewed our activities, revised our strategy, and included the Accountability Framework as a fundamental tool for further developments. We are continuously working to increase the transparency and traceability into the value chain. We have made substantial progress with our supplier engagement. At this point in time, we were not able to gain further information from our supplier on the country, state or jurisdictional origin. Our aim for the next years is to intensify this exchange and to increase transparency as well as traceability. We continue to work closely with our suppliers and develop together the capabilities to achieve the target.

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**Target reference number**

Target 5

**Forest risk commodity**

Palm oil

**Type of target**

Third-party certification

**Description of target**

Achieve 90% coverage of purchased palm derivate adherence to mass balance process.

**Linked commitment**

Zero net/gross deforestation

**Traceability point**

<Not Applicable>

**Third-party certification scheme**

RSPO Mass Balance

**Start year**

2021

**Target year**

2026

**Quantitative metric**

<Not Applicable>

**Target (number)**

<Not Applicable>

**Target (%)**

90

**% of target achieved**

1

**Please explain**

In 2021, 1% of our purchased quantities were RSPO Mass Balance certified. In 2026 we want to achieve 90% Mass Balance certification. We have been reaching out to all our suppliers to change contracts and include the requirements to deliver Mass Balance. Only a limited number of suppliers are able to deliver Mass Balance quality. The current situation limits the availability even further.

**WHY PARTICULAR TARGET WAS CHOSEN:** In 2021, Bayer has decided to move from the credit system towards the RSPO Supply Chain Certification, the RSPO Mass Balance Certification. We understand the complexity of our value chains, and therefore we have set a gradual increase in our Mass Balance certified purchased volumes for the next few years: In 2022, we want to achieve 50% Mass Balance certification, in 2023 60%, in 2024 70%, in 2025 80%, in 2026 90% and in 2027 almost 100% certified sustainable palm (kernel) oil.

**PLAN TO ACHIEVE THIS TARGET:** With regard to palm oil derivatives, we support the certified sustainable production of these raw materials as a purchaser of plant oil derivatives, which is especially important in Southeast Asia but also other regions. We are member of the renowned organization "Roundtable on Sustainable Palm Oil" (RSPO), and since 2017 we bought RSPO-credits according to the quantities we use. The financial value of these credits rewards farmers who undertake to grow palm oil in a legal and ecologically, socially and economically sustainable way and who demonstrate this as part of an audited certification process. As a purchaser of derivatives we therefore focus on our engagements within the value chain especially on the fields. In 2021, we have reviewed our activities, revised our strategy, and included the Accountability Framework as a fundamental tool for further developments. We are continuously working to increase the transparency and traceability into the value chain. We have made substantial progress with our supplier engagement. At this point in time, we were not able to gain further information from our supplier on the country, state or jurisdictional origin. Our aim for the next years is to intensify this exchange and to increase transparency as well as traceability. We continue to work closely with our suppliers and develop together the capabilities to achieve the target.

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**Target reference number**

Target 6

**Forest risk commodity**

Palm oil

**Type of target**

Third-party certification

**Description of target**

Achieve 100% coverage of purchased palm derivate adherence to mass balance process.

**Linked commitment**

Zero net/gross deforestation

**Traceability point**

<Not Applicable>

**Third-party certification scheme**

RSPO Mass Balance

**Start year**

2021

**Target year**

2027

**Quantitative metric**

<Not Applicable>

**Target (number)**

<Not Applicable>

**Target (%)**

100

**% of target achieved**

1

**Please explain**

In 2021, 1% of our purchased quantities were RSPO Mass Balance certified. In 2027 we want to achieve 100% Mass Balance certification. We have been reaching out to all our suppliers to change contracts and include the requirements to deliver Mass Balance. Only a limited number of suppliers are able to deliver Mass Balance quality. The current situation limits the availability even further.

**WHY PARTICULAR TARGET WAS CHOSEN:** In 2021, Bayer has decided to move from the credit system towards the RSPO Supply Chain Certification, the RSPO Mass Balance Certification. We understand the complexity of our value chains, and therefore we have set a gradual increase in our Mass Balance certified purchased volumes for the next few years: In 2022, we want to achieve 50% Mass Balance certification, in 2023 60%, in 2024 70%, in 2025 80%, in 2026 90% and in 2027 almost 100% certified sustainable palm (kernel) oil.

**PLAN TO ACHIEVE THIS TARGET:** With regard to palm oil derivatives, we support the certified sustainable production of these raw materials as a purchaser of plant oil derivatives, which is especially important in Southeast Asia but also other regions. We are member of the renowned organization "Roundtable on Sustainable Palm Oil" (RSPO), and since 2017 we bought RSPO-credits according to the quantities we use. The financial value of these credits rewards farmers who undertake to grow palm oil in a legal and ecologically, socially and economically sustainable way and who demonstrate this as part of an audited certification process. As a purchaser of derivatives we therefore focus on our engagements within the value chain especially on the fields. In 2021, we have reviewed our activities, revised our strategy, and included the Accountability Framework as a fundamental tool for further developments. We are continuously working to increase the transparency and traceability into the value chain. We have made substantial progress with our supplier engagement. At this point in time, we were not able to gain further information from our supplier on the country, state or jurisdictional origin. Our aim for the next years is to intensify this exchange and to increase transparency as well as traceability. The last 10% are the most difficult ones, because we are speaking about a number of suppliers, partially distributors, with very low volumes.

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**Target reference number**

Target 7

**Forest risk commodity**

Soy

**Type of target**

Third-party certification

**Description of target**

Achieve 100% coverage of purchased soy derivate adherence to book and claim process

**Linked commitment**

Zero net/gross deforestation

**Traceability point**

&lt;Not Applicable&gt;

**Third-party certification scheme**

RTRS Credits

**Start year**

2017

**Target year**

2030

**Quantitative metric**

&lt;Not Applicable&gt;

**Target (number)**

&lt;Not Applicable&gt;

**Target (%)**

100

**% of target achieved**

100

**Please explain**

In 2021, we purchased for 100% of our quantities RTRS Credits and therefore reached our target.

PLAN TO ACHIEVE THIS TARGET: With regard to soy derivatives, we support the certified sustainable production of these raw materials as a purchaser of plant oil derivatives, which is especially important in South America. We are member of the renowned organization Round Table on Responsible Soy" (RTRS) and purchase so-called "credits" according to the quantities we use. The financial value of these credits rewards farmers who undertake to grow soy in a legal and ecologically, socially and economically sustainable way and who demonstrate this as part of an audited certification process. In our engagement we focus on activities with the highest value. As a purchaser of derivatives we therefore focus on our engagements within the value chain especially on the fields. Through our country organization, we establish contact with farmers and mills to purchase the credits from, therefore we ensure that the financial value of the credits directly arrive and supports sustainable behavior. At the same time, Bayer support RTRS with local activities and partnerships along the value chain to promote certification as well as execute projects.

EXAMPLE: Bayer is a part of a collaboration with the Round Table on Responsible Soy (RTRS), Unilever, and Aliança da Terra, which has helped more than 40 farmers to gain RTRS certification. This collaborative project aims to boost sustainable soy cultivation by supporting growers to adopt better farming practices. Bayer provides technical services and crop management advice, and Santander provides support for agricultural loans while Yara advises on best use of fertilizers. And we help boost the market for sustainable soy by buying the resulting crop.

## F6.2

**(F6.2) Do you have traceability system(s) in place to track and monitor the origin of your disclosed commodity(ies)?**

	Do you have system(s) in place?	Description of traceability system	Exclusions	Description of exclusion
Timber products	<Not Applicable >	<Not Applicable>	<Not Applicable>	<Not Applicable>
Palm oil	Yes	In 2020, Bayer has started to reach out to the main supplier of palm oil derivatives to understand the capabilities, certification, policies and point of origin. At the current point of the disclosure we have advanced with many suppliers and understand the country of origin. The % stated are the result of our engagement project. In the future years, we will try to intensify our efforts. Additionally, to the supplier engagement project we have sound policies, supplier audits, Supplier Code of Conduct, development interactions in place. We face some limitations, as our suppliers are not able to provide us comprehensive information due to the complex supply chain.	Not applicable	<Not Applicable>
Cattle products	<Not Applicable >	<Not Applicable>	<Not Applicable>	<Not Applicable>
Soy	No	<Not Applicable>	<Not Applicable>	<Not Applicable>
Other - Rubber	<Not Applicable >	<Not Applicable>	<Not Applicable>	<Not Applicable>
Other - Cocoa	<Not Applicable >	<Not Applicable>	<Not Applicable>	<Not Applicable>
Other - Coffee	<Not Applicable >	<Not Applicable>	<Not Applicable>	<Not Applicable>

## F6.2a

**(F6.2a) Provide details on the level of traceability your organization has for its disclosed commodity(ies).**

Forest risk commodity	Point to which commodity is traceable	% of total production/consumption volume traceable
Palm oil	Country	33
Palm oil	Not traceable	67

**F6.2b**

**(F6.2b) Why do you not have system(s) in place to track and monitor the origin of your disclosed commodity(ies) and what are your plans to develop these in the future?**

**Forest risk commodity**

Soy

**Primary reason**

We are planning to track and monitor the origin of forest risk commodities within the next two years

**Please explain**

DESCRIPTION OF INDICATORS FOR TRACKING AND MONITORING AND IMPLEMENTATION STRATEGY:

Bayer uses the RTRS credit system and purchased credits for 100% of our soy derivative consumption. In 2022, we plan to reach out to our suppliers to gain first insights into the supply chain. As manufacturer, we are using derivatives from a significant number of suppliers, it is very difficult to increase the traceability within the value chain. Especially as we work with many sites around the world. Currently, we are piloting the supplier engagement approach with palm oil and will evaluate to expand the activities in the future. It has to be mentioned that the soy market is less mature compared to the palm oil market with the well-known certification bodies. We would like to track the country of origin/jurisdiction, compliance with our Supplier Code of Conduct as well as certification standards, measures implemented to fight deforestation.

**F6.3**

**(F6.3) Have you adopted any third-party certification scheme(s) for your disclosed commodity(ies)?**

	Third-party certification scheme adopted?	% of total production and/or consumption volume certified
Timber products	<Not Applicable>	<Not Applicable>
Palm oil	Yes	24
Cattle products	<Not Applicable>	<Not Applicable>
Soy	Yes	100
Other - Rubber	<Not Applicable>	<Not Applicable>
Other - Cocoa	<Not Applicable>	<Not Applicable>
Other - Coffee	<Not Applicable>	<Not Applicable>

**F6.3a**

**(F6.3a) Provide a detailed breakdown of the volume and percentage of your production and/or consumption by certification scheme.**

**Forest risk commodity**

Palm oil

**Third-party certification scheme**

RSPO Mass Balance

**Chain-of-custody model used**

<Not Applicable>

**% of total production/consumption volume certified**

1

**Form of commodity**

Palm kernel oil derivatives

**Volume of production/ consumption certified**

128

**Metric for volume**

Metric tons

**Is this certified by more than one scheme?**

No

**Please explain**

ACTIONS TO IMPROVE OR MAINTAIN THE THIRD-PARTY CERTIFICATION SYSTEM:

In the areas of palm oil, we support the certified sustainable production of these raw materials as a purchaser of plant oil derivatives, which is especially important in Southeast Asia. We are member of the renowned organization "Roundtable on Sustainable Palm Oil" (RSPO) and purchase RSPO Mass Balance certified palm oil. The system rewards farmers and the supply chain who undertake to grow palm oil in a legal and ecologically, socially and economically sustainable way and who demonstrate this as part of an audited certification process. We yearly review our activities regarding the RSPO membership.

2021 marks a transition year for Bayer. We have reviewed our activities, revised our strategy, and included the Accountability Framework as a fundamental tool for further developments. We have decided to move from the credit system towards the RSPO Supply Chain Certification, primarily the RSPO Mass Balance Certification.

We are continuing our supplier interactions and aim to switch towards the Mass Balance Certification. We have set ambitious targets and continue to engage with our suppliers. Nevertheless, we are facing various difficulties along the way, especially with regards the availability of certified materials. We are continuously working to increase the transparency and traceability into the value chain and have made substantial progress with our supplier engagement. At this point in time, we were not able to gain further information from our supplier on the country, state or jurisdictional origin. Our aim for the next years is to intensify this exchange and to increase transparency as well as traceability.

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**Forest risk commodity**

Palm oil

**Third-party certification scheme**

RSPO Credits/Book & Claim

**Chain-of-custody model used**

<Not Applicable>

**% of total production/consumption volume certified**

23

**Form of commodity**

Palm kernel oil derivatives

**Volume of production/ consumption certified**

2522

**Metric for volume**

Metric tons

**Is this certified by more than one scheme?**

No

**Please explain**

ACTIONS TO IMPROVE OR MAINTAIN THE THIRD-PARTY CERTIFICATION SYSTEM:

In the areas of palm oil, we support the certified sustainable production of these raw materials as a purchaser of plant oil derivatives, which is especially important in Southeast Asia. We are member of the renowned organization "Roundtable on Sustainable Palm Oil" (RSPO) and purchase so-called "credits". The financial value of these credits rewards farmers who undertake to grow palm oil in a legal and ecologically, socially and economically sustainable way and who demonstrate this as part of an audited certification process. We yearly review our activities regarding the RSPO membership and book & claim process certification. Our book & claim process is yearly certified by a RSPO certified auditor, as well as our product portfolio and volumes.

2021 marks a transition year for Bayer. We have reviewed our activities, revised our strategy, and included the Accountability Framework as a fundamental tool for further developments. We have decided to move from the credit system towards the RSPO Supply Chain Certification, primarily the RSPO Mass Balance Certification.

We are continuing our supplier interactions and aim to switch towards the Mass Balance Certification. Nevertheless, we are facing various difficulties along the way.

We are continuously working to increase the transparency and traceability into the value chain and have made substantial progress with our supplier engagement. At this point in time, we were not able to gain further information from our supplier on the country, state or jurisdictional origin. Our aim for the next years is to intensify this exchange and to increase transparency as well as traceability.

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**Forest risk commodity**

Soy

**Third-party certification scheme**

RTRS Credits

**Chain-of-custody model used**

<Not Applicable>

**% of total production/consumption volume certified**

100

**Form of commodity**

Soy derivatives

**Volume of production/ consumption certified**

10710

**Metric for volume**

Metric tons

**Is this certified by more than one scheme?**

No

**Please explain**

ACTIONS TO IMPROVE OR MAINTAIN THE THIRD-PARTY CERTIFICATION SYSTEM:

In the areas of soy, we support the certified sustainable production of these raw materials as a purchaser of soy derivatives, which is especially important in South America. We are member of the renowned organization "Round Table on Responsible Soy" (RTRS) and purchase so-called "credits" according to the quantities we use. The financial value of these credits rewards farmers who undertake to grow soy in a legal and ecologically, socially and economically sustainable way and who demonstrate this as part of an audited certification process. We yearly review our activities regarding the RTRS membership and book & claim process certification. As well as our product portfolio and volumes.

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F6.4

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**(F6.4) For your disclosed commodity(ies), do you have a system to control, monitor, or verify compliance with no conversion and/or no deforestation commitments?**

	A system to control, monitor or verify compliance	Comment
Timber products	<Not Applicable>	<Not Applicable>
Palm oil	No, but we plan to develop one within the next two years	As Bayer purchases only a very limited amount from various palm oil derivate suppliers within mostly various upstream suppliers, Bayer cannot verify and trace no conversion or zero net deforestation of palm oil derivates. Through the Bayer policies (e.g. Code of Conduct), Bayers initiatives (e.g. Brazilian forest coalition) and our voluntary activities (e.g. EcoVadis assessment) we want to minimize the risk of conversion and deforestation. Through a special assessment of our suppliers of palm oil derivatives, we know that more than 90% of these suppliers are already using RSPO MASS BALANCING or RSPO IDENTITY PRECERVED / SEGREGATED certifications. We use a risk-based approach. In case of indications for misalignment to our policies, we will start further detailed investigations. OUTLOOK: With the move towards the Mass Balance Certificaton scheme, we plan to verify, control and monitor compliance.
Cattle products	<Not Applicable>	<Not Applicable>
Soy	No, but we plan to develop one within the next two years	As Bayer purchases only a very limited amount from various soy derivate suppliers within mostly various upstream suppliers, Bayer cannot verify and trace no conversion or zero net deforestation for soy derivatives. Through the Bayer policies (e.g. Code of Conduct), Bayers initiatives (e.g. Brazilian forest coalition) and our voluntary activities (e.g. EcoVadis assessment) we want to minimize the risk of conversation and deforestation. Within our downstream operations we work together with various partners to promote and implement sustainability standards. We use a risk-based approach. In case of indications for misalignment to our policies, we will start further detailed investigations. OUTLOOK: As we are revising the soy strategy, we plan to verify, control and monitor compliance.
Other - Rubber	<Not Applicable>	<Not Applicable>
Other - Cocoa	<Not Applicable>	<Not Applicable>
Other - Coffee	<Not Applicable>	<Not Applicable>

**F6.6**

**(F6.6) For your disclosed commodity(ies), indicate if you assess your own compliance and/or the compliance of your suppliers with forest regulations and/or mandatory standards.**

	Assess legal compliance with forest regulations	Comment
Timber products	<Not Applicable>	<Not Applicable>
Palm oil	Yes, from suppliers	<Not Applicable>
Cattle products	<Not Applicable>	<Not Applicable>
Soy	<Not Applicable>	<Not Applicable>
Other - Rubber	<Not Applicable>	<Not Applicable>
Other - Cocoa	<Not Applicable>	<Not Applicable>
Other - Coffee	<Not Applicable>	<Not Applicable>

**F6.6a**

**(F6.6a) For your disclosed commodity(ies), indicate how you ensure legal compliance with forest regulations and/or mandatory standards.**

**Palm oil**

**Procedure to ensure legal compliance**

**DESCRIPTION OF THE PROCEDURES FOLLOWED TO ENSURE LEGAL COMPLIANCE:**

At Bayer we firmly believe that compliance is our license to operate worldwide.

We expect all our suppliers to adhere to all applicable laws, compliance regulations, ethical expectations and regulations. Procurement includes our Corporate Compliance Policy in addition to local legal requirements, contractual obligations and corporate regulations. On top of this we go beyond legal compliance and require all our suppliers to ensure adherence to the Bayer Supplier Code of Conduct. Focusing on compliant behavior at an early stage of the business, enables us to operate successfully and sustainably. We all share the aim of providing people with innovative solutions that improve the quality of life.

Further information can be found at our compliance website: <https://www.bayer.com/en/corporate-compliance/corporate-compliance-policy>.

**METHODS AND TOOLS:**

We have sound policies and procedures in place to set up contracts with our suppliers. The central piece of our contracts is to ensure legal compliance and adherence to mandatory standards. On top of this we go beyond legal compliance and require all our suppliers to ensure adherence to the Bayer Supplier Code of Conduct. In 2020, we started a project to assess the quality of our suppliers and to make sure that they have policies to protect forests implemented. We are still continuing this project and trying to improve our activities. Additionally, with our risk-based procurement process we regularly check all suppliers and conduct development activities.

**EXPLANATION WHY THE PROCEDURES IN PLACE ARE SUFFICIENT TO ENSURE LEGAL COMPLIANCE:**

Despite our contracts securing legal compliance of our suppliers, part of our Supplier Code of Conduct is, that also suppliers shall implement effective management systems and a governance structure to facilitate compliance with all applicable laws and promote continuous improvement with respect to the expectations set forth in this Supplier Code of Conduct.

The switch towards the RSPO Mass Balance Certification will allow us to further follow up with our suppliers and understand the exposure to deforestation.

**Country/Area of origin**

Indonesia

Malaysia

**Law and/or mandatory standard(s)**

ISPO

MSPO

**Comment**

We do not have own managed land with regard to palm oil. We source our palm oil derivatives from the major suppliers who are all very active with regards to sustainability. All other supplier relationships and contracts are based on legal compliance, mandatory standards and our Supplier Code of Conduct. As we only have traceability for the countries Indonesia and Malaysia, we answer this question with that specific focus.

F6.7

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(F6.7) Are you working with smallholders to support good agricultural practices and reduce deforestation and/or conversion of natural ecosystems?

	Are you working with smallholders?	Type of smallholder engagement approach	Smallholder engagement approach	Number of smallholders engaged	Please explain
Timber products	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>
Palm oil	Yes, working with smallholders	Capacity building Financial and commercial incentives	Offering on-site technical assistance and extension services Providing agricultural inputs Organizing capacity building events Investing in pilot projects Financial incentives for certified products	100000000	<p>i) MAIN STRATEGY OF ENGAGEMENT: More than 500 million smallholder farmers provide eighty percent of the food for communities in Asia, Africa, and South America. Our activities are not primarily palm oil specific. Our products, technologies and services already support around 45 million smallholder farmers in LMICs. At Bayer, we want to empower more than a 100 million smallholder farmers in developing countries around the world by providing more access to agricultural solutions that are sustainable. We aim to empower them through partnerships and innovative solutions that expand agricultural know-how to address their issues. We believe that the increase in productivity will decrease the need to convert forest into agricultural land or to find additional income in forest exploitation.</p> <p>ii) EXAMPLE: a) Training programs, like BayG.A.P., teach smallholder farmers the best management and agriculture practices, including safe use of pesticides, compliance with international trade rules, and how to access local partnerships and outreach efforts. Bayer offers targeted training measures worldwide with a focus on countries where no, or only limited legal requirements, such as certification schemes for operators, are in place. b) For palm smallholder farmers we strongly support farmers in all parts of the world. As part of our book and claim process, Bayer commits to purchase a number of smallholder certificates directly especially via our country organizations where smallholder farmers are working. In the year 2021, 6 % of our consumptions of palm oil was covered by RSPO Credits from Independent Smallholder. c) With our ForwardFarming programs for example in the Brazilian Cerrados, Bayer trains and educates farmers with sustainable practices, protecting people, preserving the environment and improving the crop. d) We have roughly 70 Food Chain managers. These experts want to broaden our network and bring its benefits to more people — particularly in helping cultivate new opportunities for smallholder farmers. Certifications are key for farmers today but many farmers lack knowledge and skills to successfully market their produce.</p>
Cattle products	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>
Soy	Yes, working with smallholders	Capacity building Financial and commercial incentives	Offering on-site technical assistance and extension services Providing agricultural inputs Organizing capacity building events Investing in pilot projects Financial incentives for certified products Long term contracts linked to forest related commitments	100000000	<p>i) MAIN STRATEGY OF ENGAGEMENT: More than 500 million smallholder farmers provide eighty percent of the food for communities in Asia, Africa, and South America. Our products, technologies and services already support around 45 million smallholder farmers in LMICs. At Bayer, we want to empower more than a 100 million smallholder farmers in developing countries around the world by providing more access to agricultural solutions that are sustainable. We aim to empower them through collaborative partnerships and innovative solutions that expand agricultural know-how to address their most challenging issues. We believe that the increase in productivity will decrease the need to convert forest into agricultural land or to find additional income in forest exploitation.</p> <p>ii) EXAMPLE: a) Training programs, like BayG.A.P., teach smallholder farmers the best management and agriculture practices, including safe use of pesticides, compliance with international trade rules, and how to access local partnerships and outreach efforts. Bayer offers targeted training measures worldwide with a focus on countries where no, or only limited legal requirements, such as certification schemes for operators, are in place. b) We have established dedicated programs for soy farmer trainings and certifications in Brazil, e.g., Bayer &amp; Cefetra program. c) With our ForwardFarming programs for example in the Brazilian Cerrados, Bayer trains and educates farmers with sustainable practices, protecting people, preserving the environment and improving the crop. d) Through our Better Life Farming Program, we furthermore support smallholders in the different areas of the world. e) We have roughly 70 Food Chain managers. These experts want to broaden our network and bring its benefits to more people — particularly in helping cultivate new opportunities for smallholder farmers. Certifications are key for farmers today but many farmers lack knowledge and skills to successfully market their produce. f) Bayer's current Platform, Impulso Bayer (185K customers) has the potential to recognize and reward farmers compliance with the Brazilian Forest Code. It seeks to reward sustainable-conscious farmers via access to additional benefits on top of services already available covering the entire spectrum of Bayer's business in Brazil, inter alia crop protection, Intacta and Intacta 2 Xtend soybeans.</p>
Other - Rubber	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>
Other - Cocoa	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>
Other - Coffee	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>

F6.8

**(F6.8) Are you working with your direct suppliers to support and improve their capacity to comply with your forests-related policies, commitments, and other requirements?**

	Are you working with direct suppliers?	Type of direct supplier engagement approach	Direct supplier engagement approach	% of suppliers engaged	Please explain
Timber products	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>
Palm oil	Yes, working with direct suppliers	Supply chain mapping Capacity building Financial and commercial incentives Other	Supplier questionnaires on environmental and social indicators Developing or distributing supply chain mapping tool Supplier audits Offering on-site training and technical assistance	100%	<p>i) MAIN STRATEGY OF ENGAGEMENT:</p> <p>In the area of palm oil, Bayer supports the certified sustainable production of these raw materials. Bayer is a member of the renowned organization RSPO and purchase so-called "credits" and Mass Balance Certificates. As we only purchase plant oil derivatives, the value chains are complex. The Supplier Code of Conduct (SCoC) takes into account the well-established principles of sustainability incl. FOREST that also have been incorporated in some important internal regulations at the Bayer Group:</p> <p>a) Sustainability is a key element of Bayer's values and forms an integral part of our business strategy.</p> <p>b) With its Sustainable Development Policy, Bayer has clearly defined its commitment to the principles of sustainable development.</p> <p>c) Bayer's Group-wide Human Rights Position underscores its efforts to uphold internationally recognized principles in the areas of human rights and working conditions.</p> <p>d) The Corporate Compliance Policy outlines key legal and ethical areas.</p> <p>Our activities are aligned with the elements of the Accountability Framework.</p> <p>ii) EXAMPLE:</p> <p>The SCoC promotes the application of broadly recognized sustainability standards and certifications. Sustainability issues are evaluated through an annual risk evaluation in procurement for all our suppliers. Identified suppliers (based on country and business category sustainability risks) are validated through an evidence-based assessment (EcoVadis) or physical on-site audit (TIS or PSCI).</p> <p>Specifically for palm oil, we addressed all our major suppliers to further understand their current activities and promote sustainable behavior. As we understand, that various suppliers operate with different standards, we have started a project to assess the current activities regarding palm oil derivatives of each supplier. During the last months of 2020 and the first months in 2021, we have reached out to ALL OUR 40 PALM OIL DERIVATIVES SUPPLIERS to understand their level of certification and other activities. We offered explanation calls for our direct suppliers who were not familiar with the Mass Balance certification and explained our new and future standards.</p> <p>Furthermore, Bayer promotes diversity within the supply chain in the US and Brazil. We account in particular for underrepresented supplier groups such as companies owned or operated by women or members of ethnic minorities.</p>
Cattle products	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>
Soy	Yes, working with direct suppliers	Supply chain mapping Financial and commercial incentives Other	Supplier audits Offering credit lines linked to best agricultural practices	10-20%	<p>i) MAIN STRATEGY OF ENGAGEMENT:</p> <p>In the area of soy Bayer supports the certified sustainable production of these raw materials as a purchaser of soy derivatives, which is especially important in Southeast Asia and South America. Bayer is a member of the renowned organization RTRS and purchase so-called "credits" according to the quantities we use. As we only purchase soy derivatives, the value chains are complex. The Supplier Code of Conduct (SCoC) takes into account the well-established principles of sustainability incl. FOREST that also have been incorporated in some important internal regulations at the Bayer Group:</p> <p>a) Sustainability is a key element of Bayer's values and forms an integral part of our business strategy.</p> <p>b) With its Sustainable Development Policy, Bayer has clearly defined its commitment to the principles of sustainable development.</p> <p>c) Bayer's Group-wide Human Rights Position underscores its efforts to uphold internationally recognized principles in the areas of human rights and working conditions. d) The Corporate Compliance Policy outlines key legal and ethical areas.</p> <p>Our activities are aligned with the elements of the Accountability Framework. We collaborate with our partners and suppliers to further decrease our environmental footprint and set social and ethical standards.</p> <p>ii) EXAMPLE:</p> <p>The SCoC promotes the application of broadly recognized sustainability standards and certifications. Sustainability issues are evaluated through an annual risk evaluation in procurement for all our suppliers. Identified suppliers (based on country and business category sustainability risks) are validated through an evidence-based assessment (EcoVadis) or physical on-site audit (TIS or PSCI).</p> <p>With its comprehensive Supplier Inclusion &amp; Diversity Program, Bayer promotes diversity within the supply chain in the United States and Brazil. In doing so, we account in particular for underrepresented supplier groups such as companies owned or operated by women or members of ethnic minorities.</p> <p>iii) OUTLOOK: Bayer's objective is formalized to help relevant suppliers achieve positive successes in their sustainability performance over the long term. In addition, we want to shift the focus more toward issues such as CO2 emissions (Scope 3) in the supply chain, our supplier diversity and sustainability assessments at tier 2 level.</p>
Other - Rubber	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>
Other - Cocoa	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>
Other - Coffee	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>

F6.9

**(F6.9) Are you working beyond your first-tier supplier(s) to manage and mitigate deforestation risks?**

	Are you working beyond first tier?	Type of engagement approach with indirect suppliers	Indirect supplier engagement approach	Please explain
Timber products	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>
Palm oil	Yes, working beyond first tier	Capacity building Other	Offering on-site training and technical assistance Participating in workshops Other, please specify (Sustainable Agricultural Competence Center, Supplier Code of Conduct )	<p>i) MAIN STRATEGY OF ENGAGEMENT: In the area of palm oil Bayer supports the certified sustainable production of these raw materials as a purchaser of plant oil derivatives. Bayer uses palm oil derivatives only in a small number of products and derivatives are produced in a very complex value chain. As a leading player in the agricultural industry Bayer takes its responsibility across all different levels serious and concentrates on the actual engagement with farmers who have the highest impact.</p> <p>ii) EXAMPLE: a) We are conducting on site trainings for farmers regularly across all regions. There are different models how and with which methods we train farmers, e.g., ForwardFarming, Sustainable Agricultural Competence Centers, BayG.A.P. In 2021, we offered virtual training, but also resumed on-site training. The flexible approach and use of digital tools enabled us to reach more than 2.7 million external contacts (i.e. farmers, field workers and other stakeholders in the agriculture industry). b) As part of any supplier relation Bayer enforces its Supplier Code of Conduct (SCoC), we expect all suppliers and subcontractors to share the principles which are expressed in this SCoC and that comprise an important component of supplier selection and evaluation. Within this expectation there are three key elements: 1) The supplier implements a sustainable policy and objectives. 2) He communicates these principles within its supply chain. 3) The supplier expects its suppliers to comply with its defined sustainability principles. c) Bayers objective is formalized to help relevant suppliers achieve positive successes in their sustainability performance over the long term. In addition, we want to shift the focus more toward issues such as CO2 emissions (Scope 3) in the supply chain, our supplier diversity and sustainability assessments at tier 2 level. d) At Bayer, we're proud to have roughly 70 Food Chain managers to broaden our network and bring its benefits to more people — particularly in helping cultivate new opportunities for smallholder farmers. Certifications are key for farmers today but many farmers lack knowledge and skills to successfully market their produce.</p> <p>iii) OUTLOOK: With our ambitious objective to reach 100 million smallholder farmer in low- and middle-income countries will strengthen our engagement to promote sustainable practices.</p>
Cattle products	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>
Soy	Yes, working beyond first tier	Capacity building Other	Offering on-site training and technical assistance Participating in workshops Other, please specify (Sustainable Agricultural Competence Center, Supplier Code of Conduct )	<p>i) MAIN STRATEGY OF ENGAGEMENT: In the area of soy Bayer supports the certified sustainable production of these raw materials as a purchaser of soy derivatives, which is especially important in Southeast Asia and South America. Crop Science also cooperates with the RTRS to provide mutual support in the certification of Brazilian soybean producers according to the high ecological, social and economic criteria of the RTRS. Nevertheless, as a leading player in the agricultural industry Bayer takes its responsibility across all different levels serious and concentrate on the actual engagement with farmers who have the highest impact.</p> <p>ii) EXAMPLE: a) We are conducting trainings for farmers regularly across all Bayer regions. There are different models how and with which methods we train farmers, e.g., Bayer Forward Farms, Sustainable Agricultural Competence Centers, BayG.A.P. In 2021, we offered virtual and on-site training. This enabled us to reach more than 2.7 million external contacts. b) As part of any supplier relation Bayer enforces its Supplier Code of Conduct (SCoC), we expect all suppliers and subcontractors to share the principles which are expressed in this SCoC and that comprise an important component of supplier selection and evaluation. Within this expectation there are three key elements: 1) The supplier implements a sustainable procurement policy, commitments and objectives. 2) He communicates these principles within its supply chain. 3) He expects its suppliers to comply with its defined sustainability principles. c) Bayers objective is formalized to help relevant suppliers achieve positive successes in their sustainability performance over the long term. In addition, we want to shift the focus more toward issues such as CO2 emissions (Scope 3) in the supply chain, our supplier diversity and sustainability assessments at tier 2 level. d) At Bayer, we're proud to have roughly 70 Food Chain managers to broaden our network and bring its benefits to more people — particularly in helping cultivate new opportunities for smallholder farmers. Certifications are key for farmers today but many farmers lack knowledge and skills to successfully market their produce.</p> <p>iii) OUTLOOK: With our ambitious objective to reach 100 million smallholder farmer in low- and middle-income countries we will strengthen our engagement to promote sustainable practices.</p>
Other - Rubber	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>
Other - Cocoa	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>
Other - Coffee	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>

**F6.10**

**(F6.10) Do you engage in landscape (including jurisdictional) approaches to progress shared sustainable land use goals?**

	Do you engage in landscape/jurisdictional approaches?	Primary reason for not engaging in landscape and/or jurisdictional approaches	Please explain why your organization does not engage in landscape/jurisdictional approaches, and describe plans to engage in the future
Row 1	Yes, we engage in landscape/jurisdictional approaches	<Not Applicable>	<Not Applicable>

**F6.10a**

**(F6.10a) Indicate the criteria you consider when prioritizing landscapes and jurisdictions for engagement in collaborative approaches to sustainable land use and provide an explanation.**

	Criteria for prioritizing landscapes/jurisdictions for engagement	Please explain
Row 1	<p>Company actions align with already established jurisdictional and/or landscape initiative priorities in area</p> <p>Company has operational presence in area</p> <p>High commodity sourcing footprint from area</p> <p>High levels of production by independent smallholders</p> <p>Opportunity for smallholder inclusion</p> <p>Opportunity for increased human well-being in area</p> <p>Opportunity to implement Nature-based Solutions</p> <p>Opportunity to protect natural ecosystems</p> <p>Stakeholder/investor request</p> <p>Supply of commodities strategically important</p>	<p>DEFORESTATION is one of the drivers of climate change and biodiversity loss, with complex root causes and land use dynamics. Globally, Bayer has made a public commitment that aims for zero net deforestation in its supply chain. 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> <p>Farmers' livelihoods are increasingly challenged by the changing climate, limited natural resources, and growing societal demands. Together with farmers, we continuously seek to move agriculture forward, with our eyes on a more sustainable future. With our projects, we believe in long lasting engagement and impact through a number of initiatives and projects.</p> <p>Our Crop Science division actively works with RTRS on projects in South America.</p> <p>Through the Bayer organization we are interacting with farmers and local organizations every day. We have initiated a wide range of different projects, interactions and support. We have a wide range of criteria lead by different overarching objectives in</p> <p>a) reducing environmental impact and promoting sustainable practices,  b) support 100 million smallholder farmers and  c) support food security.</p> <p>For our offsetting projects, we support natural based solution projects. We have clearly defined criteria for our engagement and published these criterias. The criteria are</p> <p>a) transparency,  b) additionality,  c) permanence,  d) measurability,  e) quality/standards,  f) innovation,  g) impact,  h) co-benefits.</p> <p>Further details on the criteria for our offsetting projects and details of our project can be found in our publication: <a href="https://www.bayer.com/en/file/164076/download?token=_fk-Xtdn">https://www.bayer.com/en/file/164076/download?token=_fk-Xtdn</a></p>

**F6.10b**

**(F6.10b) Provide details of your engagement with landscape/jurisdictional approaches to sustainable land use during the reporting year.**

**Country/Area**

Brazil

**Name of jurisdiction or landscape area**

Sorriso

**Is the landscape defined by administrative boundaries of sub-national governments and does the approach have active government involvement?**

Yes, the landscape is defined by administrative boundaries and the approach has active government involvement

**Brief description of landscape/ jurisdictional approach**

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.

We have a number of projects ongoing. Here is one small but powerful example:

In a partnership with the Sustainable Trade Initiative (IDH) and Clube Amigos da Terra (CAT), Bayer provides direct support to the soybean certification in the region of Sorriso as part of its commitment to sustainability in the local farming production. Bayer subsidizes 50% of the auditing process to obtain the certification by the Round Table on Responsible Soy Association (RTRS) to the main seed-producing pole in the country. Since 2013, Bayer and RTRS have worked together to raise the awareness of farmers regarding the importance of that certification. The subsidies cover approximately 25 farmers that are members of the program named Cultivando Vida Sustentável ("Cultivating Sustainable Life"), co-funded by IDH and CAT Sorriso. Farmers have recovered the auditing by means of a loyalty program named Impulso Bayer, on Orbia's platform, a marketplace for inputs, seeds, and commodities. The total area of certified farms is 128,000 hectares, of which 75,000 hectares are seed-producing areas.

**Forest risk commodities relevant to this landscape/jurisdictional approach**

Soy

**Type of engagement**

Convener: High level of engagement in set-up, design, management and implementation

Partner: Shared responsibility in the implementation of multiple goals

Supporter: Implement activities to support at least one goal

Funder: Provides full or partial financial support

**Description of engagement**

In a partnership with the Sustainable Trade Initiative (IDH) and Clube Amigos da Terra (CAT), Bayer provides direct support to the soybean certification in the region of Sorriso as part of its commitment to sustainability in the local farming production. Bayer subsidizes 50% of the auditing process to obtain the certification by the Round Table on Responsible Soy Association (RTRS) to the main seed-producing pole in the country. Since 2013, Bayer and RTRS have worked together to raise the awareness of farmers regarding the importance of that certification. The subsidies cover approximately 25 farmers that are members of the program named Cultivando Vida Sustentável ("Cultivating Sustainable Life"), co-funded by IDH and CAT Sorriso. Farmers have recovered the auditing by means of a loyalty program named Impulso Bayer, on Orbia's platform, a marketplace for inputs, seeds, and commodities. The total area of certified farms is 128,000 hectares, of which 75,000 hectares are seed-producing areas.

This "beyond the farm" value creation should be a win-win for both Brazilian farmers and Bayer, based on large-scale adoption of agriculture practices, wise use of resources, new technologies and digitalization.

**Goals supported by engagement**

Carbon removals through restoration

Decreased ecosystem degradation rate

Avoided deforestation/conversion of other natural ecosystems

Forest fires monitored and prevented

Increased commodity traceability in landscape/jurisdiction

Systems in place to protect local community rights

Systems in place to protect workers' rights

### Company actions supporting approach

Identify opportunities for pre-competitive collaboration with your sector  
Identify opportunities for public private collaboration  
Build community capacity and incentivize engagement in multi-stakeholder processes  
Provide information and training on best agricultural management practices  
Support landscape restoration and long-term protection  
Support uptake of certification  
Support producers, producer groups, and primary processors to Improve agricultural practices and technologies  
Collaborate on commodity traceability  
Use preferential sourcing to support landscape/jurisdictional initiatives that are demonstrating progress  
Support development of carbon offset programs  
Finance carbon credits  
Other, please specify (Bayer subsidizes 50% of the auditing process to obtain the certification by the Round Table on Responsible Soy Association (RTRS) to the main seed-producing pole in the country)

### Implementation partner(s)

Sustainable Trade Initiative (IDH) and Clube Amigos da Terra (CAT), Round Table on Responsible Soy Association (RTRS)

### Engagement start year

2013

### Engagement end year

Not defined

### Total investment over the project period (currency)

100000

### Details of your investment

Bayer subsidizes 50% of the auditing process to obtain the certification by the Round Table on Responsible Soy Association (RTRS) to the main seed-producing pole in the country. Since 2013, Bayer and RTRS have worked together to raise the awareness of farmers regarding the importance of that certification.

### Type of assessment framework

Commodities Jurisdictions Approach

### Is progress monitored and publicly reported on?

Yes, progress is monitored and publicly reported on

### State the achievements of your engagement so far, and how progress is monitored

Bayer, together with its partner in this project, achieved sustainable actions and raised the awareness of farmers regarding the importance of the RTRS certification. The project contributed to the Project Impulso: Bayer's current Platform, Impulso Bayer (185K customers) has the potential to recognize and reward farmers' compliance with the Brazilian Forest Code. Building on Bayer's Pro Carbono initiative, Brazil Impulso Bayer Green seeks to reward sustainable-conscious farmers via access to additional benefits on top of services already available covering the entire spectrum of Bayer's business in Brazil, including crop protection, corn seed, Roundup, Intacta and Intacta 2 Xtend soybeans. This "beyond the farm" value creation should be a win-win for both Brazilian farmers and Bayer, based on large-scale adoption of agriculture practices, wise use of resources, new technologies and digitalization.

## F6.11

### (F6.11) Do you participate in any other external activities and/or initiatives to promote the implementation of your forests-related policies and commitments?

#### Forest risk commodity

Palm oil

#### Do you participate in activities/initiatives?

Yes

#### Activities

Involved in multi-partnership or stakeholder initiatives

#### Country/Area

Not applicable

#### Subnational area

Not applicable

#### Initiatives

UN Global Compact  
Global Reporting Initiative (GRI) Community Member  
Roundtable on Sustainable Palm Oil (RSPO)  
Other, please specify (WWF questionnaire, Science Based Target initiative, CDP Forest)

#### Please explain

BAYER'S ROLE IN THIS ACTIVITY:

As a leading player in the agricultural industry, Bayer participates in various external activities, initiatives as well as engages with policy makers around the world, e.g., we participate in the UN Global Compact, a strategic initiative for companies that undertake to align their business activities and strategies with ten universally recognized principles in the areas of human rights, labor standards, environmental protection and the fight against corruption. Bayer was one of the first signatories in 2000. Bayer believes in the interaction and collaboration of recognized sustainability standards and initiatives to further drive sustainable development. Therefore, we engage in a number of initiatives, e.g., Global Reporting Initiative, Science Based Targets Initiative as well as in the Roundtable on Sustainable Palm Oil.

Additionally, within various industry platforms and associations we engage in different governmental and non-governmental initiatives, one recent example was our statement the new EU-deforestation regulation. On the local level, we engage with various local as well as global foundations e.g. GATES foundation to support local communities. All our engagements support sustainable actions to safeguard stable, long-term growth for our company and make a positive value contribution to society, this includes forest-related topics.

FIT WITH ENVIRONMENTAL STRATEGY OF THE COMPANY:

During a regular dialogue with associations we build up and update our strategy as a company. Sustainability is a core part of our business strategy. We believe in this partnership approach to further develop in different areas. Our climate strategy is a result of the interaction with the Science Based Targets initiative. One building block of this climate strategy are removal and offsetting projects where we support biodiversity and forests. On the other side as part of our social commitments we have set out a target to support 100 million smallholders. A result of these engagements should be the decrease of pressure on the ecosystem.

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**Forest risk commodity**

Palm oil

**Do you participate in activities/initiatives?**

Yes

**Activities**

Engaging with policymakers or governments

**Country/Area**

Other, please specify (EU)

**Subnational area**

Not applicable

**Initiatives**

<Not Applicable>

**Please explain**

BAYER'S ROLE IN THIS ACTIVITY:

We have been actively engaging with policy makers and industry associations regarding the proposed EU regulation to stop deforestation. We highly support the engagement and continue to engage in this process.

FIT WITH ENVIRONMENTAL STRATEGY OF THE COMPANY:

Sustainability is an essential component of our corporate strategy, our business activities, our corporate values and the way in which we operate our businesses. 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:

- 1) Inclusive growth and value added for society
- 2) Reduction of our ecological footprint
- 3) Responsible business practices along our value chain

Forests play a vital role in mitigating climate change, fostering biodiversity, and enabling water and soil conservation. Millions of people rely on forests for food security, livelihoods and energy sources. As part of our commitment to the SDG #15 Life on Land, we aim to protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, and halt and reverse land degradation and halt biodiversity loss. Reaching a net zero climate target is deeply interlinked with no deforestation and therefore also with sustainable supply chain. Only if we have a profound regulation, we will stop deforestation and benefit the environment.

---

**Forest risk commodity**

Soy

**Do you participate in activities/initiatives?**

Yes

**Activities**

Involved in multi-partnership or stakeholder initiatives

**Country/Area**

Not applicable

**Subnational area**

Not applicable

**Initiatives**

UN Global Compact

Global Reporting Initiative (GRI) Community Member

Roundtable on Sustainable Soy (RTRS)

Other, please specify (WWF questionnaire, Science Based Target initiative, CDP Forest)

**Please explain**

BAYER'S ROLE IN THIS ACTIVITY:

As a leading player in the agricultural industry, Bayer participates in various external activities, initiatives as well as engages with policy makers around the world.

EXAMPLE RTRS: One Bayer representative is part of the RTRS Executive Board. In this position Bayer ensures wide recognition, enhancement and sustainable development of RTRS. We fully support RTRS and try to find new partners and establish projects to promote the standards of the RTRS <https://responsiblesoy.org/quienes-somos?lang=en#comite>

Bayer believes in the interaction and collaboration of recognized sustainability standards and initiatives to further drive sustainable development. Therefore, we engage in a number of initiatives, e.g., Global Reporting Initiative, Science Based Targets initiative as well as in the Roundtable on Sustainable Soy.

Additionally, within various industry platforms and associations we engage in different governmental and non-governmental initiatives, one recent example was our statement the new EU-deforestation regulation. On the local level, we engage with various local as well as global foundations e.g. GATES foundation to support local communities. All our engagements support sustainable actions to safeguard stable, long-term growth for our company and make a positive value contribution to society, this includes forest-related topics.

FIT WITH ENVIRONMENTAL STRATEGY OF THE COMPANY:

During a regular dialogue with associations we build up and update our strategy as a company. Sustainability is a core part of our business strategies. We believe in this partnership approach to further develop in different areas. Our climate strategy is a result of the interaction with the Science Based Targets initiative. One building block of this climate strategy are removal and offsetting projects where we support biodiversity and forests. On the other side as part of our social commitments we have set out a target to support 100 million smallholders. A result of these engagement should be the decrease of pressure on the ecosystem.

ENGAGEMENT with RTRS: Especially, in soy we have a wide established cooperation within the industry and with RTRS to certify sustainable production and increase sustainability in the agricultural sector. Here we design and execute projects for example in the food partnership program.

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**Forest risk commodity**

Soy

**Do you participate in activities/initiatives?**

Yes

**Activities**

Engaging with policymakers or governments

**Country/Area**

Other, please specify (EU, Brazil)

**Subnational area**

Not applicable

**Initiatives**

<Not Applicable>

**Please explain**

BAYER'S ROLE IN THIS ACTIVITY:

We have been actively engaging with policy makers regarding the proposed EU regulation to stop deforestation. We highly support the engagement and continue to engage in this process.

**FIT WITH ENVIRONMENTAL STRATEGY OF THE COMPANY:**

Sustainability is an essential component of our corporate strategy, our business activities, our corporate values and the way in which we operate our businesses.

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:

- 1) Inclusive growth and value added for society
- 2) Reduction of our ecological footprint
- 3) Responsible business practices along our value chain

Forests play a vital role in mitigating climate change, fostering biodiversity, and enabling water and soil conservation. Millions of people rely on forests for food security, livelihoods and energy sources. As part of our commitment to the SDG #15 Life on Land, we aim to protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, and halt and reverse land degradation and halt biodiversity loss. Reaching a net zero climate target is deeply interlinked with no deforestation and therefore also with sustainable supply chain. Only if we have a profound regulation, we will stop deforestation and benefit the environment.

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F6.12

**(F6.12) Is your organization supporting or implementing project(s) focused on ecosystem restoration and protection?**

Yes

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F6.12a

**(F6.12a) Provide details on your project(s), including the extent, duration, and monitoring frequency. Please specify any measured outcome(s).**

**Project reference**

Project 1

**Project type**

Forest ecosystem restoration

**Primary motivation**

Voluntary

**Description of project**

PRIMARY MOTIVATION:

On this project Bayer collaborates with First Climate (<https://www.firstclimate.com/>) in the State of Para, Brazil. In 2020, Bayer joined a project started in 2008 and the aim is to enhance the natural ecosystem capacity with high project standards (Verified Carbon Standard VCS, Climate, Community& Biodiversity CCB Standard, REDD+). We benefit the ecosystem, break the cycle of deforestation, stop soil erosion and fix carbon in the soil. This project focusses on the protection of accessible and inaccessible forest areas. This will allow for the forest to re-grow. Surveillance teams keep the area under rigorous monitoring to prevent illegal logging and squatters from claiming lands. To achieve permanent surveillance, the project employs local village members who live within the project region. To qualify them, they receive special training in forest management and monitoring. Regular reports will locate existing agricultural areas so as to identify areas that may have been newly deforested. Another aspect of this project is the distribution of improved cook stoves that replace inefficient traditional open fires to reduce firewood consumption.

Our objective is to offset carbon emissions, enhance biodiversity and restore the natural capacity.

**Start year**

2020

**Target year**

Indefinitely

**Project area to date (Hectares)**

180000

**Project area in the target year (Hectares)**

180000

**Country/Area**

Brazil

**Latitude**

5

**Longitude**

52

**Monitoring frequency**

Six-monthly or more frequently

**Measured outcomes to date**Biodiversity  
Carbon sequestration  
Soil  
Climate regulation**Please explain**

The Brazilian Constitution allows squatters to invade and claim public and private lands if these appear to be under no-productive use. Forest covered land is assumed to be non-productive thus under no use. Deforested land is worth 5 - 10 times more than the equivalent forested area. Due to unclear land tenure and weak law enforcement, squatters move freely in the project area. After 5 years of usage, squatters even gain land rights to the occupied areas. Without this project, it is likely that deforestation of the area would continue at a rate of 1.7% annually from squatters alone. We MEASURE THE SUCCESS in restored natural capacity, enhanced biodiversity and sequestered carbon. We expect to have seen environmental improvements and social improvements of the local community at the same time.

Details about the project can be found here: <https://www.firstclimate.com/en/our-carbon-offset-projects/brazil-locals-protect-their-forest-from-illegal-logging/>

**Project reference**

Project 2

**Project type**

Reforestation

**Primary motivation**

Voluntary

**Description of project**

PRIMARY MOTIVATION:

RevitaBayer is an initiative from our Bayer South America Logistics team that started in 2013 (formerly RevitaMon) that has the objectives of reducing the environmental impact caused by our distribution operations, to engage as well as educate communities and to create sociocultural value to suppliers. The initiative went beyond Brazilian borders, reaching Argentina in 2017, the year in which it was also recognized with the HSE (Global Safety and Health Awards) award.

Initially focused on the compensation of CO2 emitted from our transportation activities, the program expanded in 2020 to a broader perspective and now embraces actions to also minimize emissions by adopting good practices around energy efficiency in both transportation and warehousing, such as load and network optimization, warehouse eco-building, etc.

Trees are planted and financed by suppliers, proportionally to their operation size.

Suppliers receive bonus at their performance evaluation, are mentioned in communication materials and sustainable action is a criteria for supplier selection.

**Start year**

2013

**Target year**

Indefinitely

**Project area to date (Hectares)**

870

**Project area in the target year (Hectares)**

870

**Country/Area**

Brazil

**Latitude**

12

**Longitude**

39

**Monitoring frequency**

Six-monthly or more frequently

**Measured outcomes to date**Biodiversity  
Carbon sequestration  
Climate regulation**Please explain**

RevitaBayer seeks to reinvigorate and revitalize degraded environmental areas, planting several native trees in the regions. The planting target is calculated based on the number of kilometres driven and the types of vehicles used by each carrier in the previous year. REVITA project expanded in 2020 to a broader perspective and embraces actions to also reduce emissions by adopting good practices around energy efficiency in both transportation and warehousing, such as load and network optimization, eco-driving, warehouse eco-building, etc. In the program, more than 166,000 trees have been planted since it started. As this program takes place all over the countries Brazil and Argentina only one location was used for the longitude and latitude.

Further Information can be found here: [https://www.bayer.com/en/file/164076/download?token=\\_fk-Xtdn](https://www.bayer.com/en/file/164076/download?token=_fk-Xtdn)

**F7. Verification****F7.1****(F7.1) Do you verify any forests information reported in your CDP disclosure?**

Yes



## F7.1a

### (F7.1a) Which data points within your CDP disclosure have been verified, and which standards were used?

#### Disclosure module

F4. Governance

#### Data points verified

Deforestation approach

#### Verification standard

Limited assurance in the Sustainability Report

#### Please explain

We do link our annual reporting with our deforestation position and also the CDP reporting as we see a crucial importance to transparently as well as actively approach this topic.

#### Disclosure module

F6. Implementation

#### Data points verified

Bayer has met the requirements of all projects which we are actively contribution for our natural based offsetting. We believe the standards and further engage with stakeholders to develop these standards.

#### Verification standard

VCS & CCB/ REDD+

#### Please explain

Example from a Brazilian forest project: This project focusses on the protection of accessible and inaccessible forest areas. This will allow for the forest to re-grow. Surveillance teams keep the area under rigorous monitoring to prevent illegal logging and squatters from claiming lands. To achieve permanent surveillance, the project employs local village members who live within the project region. To qualify them, they receive special training in forest management and monitoring. Regular reports will locate existing agricultural areas to identify areas that may have been newly deforested. Another aspect of this project is the distribution of improved cook stoves that replace inefficient traditional open fires to reduce firewood consumption

Further information: <https://www.firstclimate.com/en/our-carbon-offset-projects/brazil-locals-protect-their-forest-from-illegal-logging/>

#### Disclosure module

F6. Implementation

#### Data points verified

100 million smallholder engagement

#### Verification standard

Limited assurance in the Sustainability Report

#### Please explain

As farming is often the only source of income in LMICs, we also help fight poverty through our engagement with smallholder farmers (SDG 1). We achieve the greatest impact through our business, particularly through our products to promote women's health and family planning or through our targeted support for female smallholder farmers as entrepreneurs in LMICs.

Current status: 2019 reference year: 42 million // 2020 status: 45 million // 2021 status: 49 million

In 2021, together with our partners, we supported 49 million smallholder farmers in LMICs with our products and services – four million more than in the previous year. We achieved this – despite the various waves of the ongoing pandemic – by significantly expanding business activities, especially in Asia/Pacific. We aim to create market models that generate benefit and reduce business risks for all partners in the value chain, including smallholder farmers. This is implemented by helping smallholder farmers gain access to the agricultural value chain and increase productivity and income, as well as by creating resilience to ensure the long-term food security of smallholder farmers, their families and rural regions in the LMICs.

## F8. Barriers and challenges

### F8.1

#### (F8.1) Describe the key barriers or challenges to eliminating deforestation and/or conversion of other natural ecosystems from your direct operations or from other parts of your value chain.

#### Forest risk commodity

Palm oil

#### Coverage

Supply chain

#### Primary barrier/challenge type

Value chain complexity

#### Comment

There are many interconnected barriers and challenges to sourcing sustainable palm oil derivatives. Supply chain complexity and transparency, as well as public awareness and local regulations hinder the move towards 100% deforestation and conversion free palm.

As purchaser of derivatives, with various stakeholders and companies involved in the process, the transparency and requirements are high to adhere to. This complexity and the different activities to certify all our processes and supply locations are key reasons to continue with the book and claim process on short term.

Due to different global challenges like climate change including food security there is a need to follow the path of sustainable agriculture and business activities. Bayer aims

to use its ability as an impact generator to drive this change.

Additionally, it is observable that the current non-binding regulations are not sufficient for non-deforestation and non-conversion. One clear indication is the continued high amount of deforestation and that approximately only 20% of all global palm oil is certified.

In 2020, Bayer has started a supplier engagement project with the overarching objective to remove these barriers and challenges and to increase sustainability within our value chain. This project is especially focused on palm oil derivatives, once successful this will be expanded.

---

#### Forest risk commodity

Palm oil

#### Coverage

Supply chain

#### Primary barrier/challenge type

Lack of adequate traceability systems

#### Comment

There are many interconnected barriers and challenges to sourcing sustainable palm oil derivatives. Supply chain complexity and transparency, as well as public awareness and local regulations hinder the move towards 100% deforestation and conversion free palm.

As purchaser of derivatives, with various stakeholders and companies involved in the process, the transparency and requirements are high to adhere too. This complexity and the different activities to certify all our processes and supply locations are key reasons to continue with the book and claim process on short term.

Due to different global challenges like climate change including food security there is a need to follow the path of sustainable agriculture and business activities. Bayer aims to use its ability as an impact generator to drive this change.

Additionally, it is observable that the current non-binding regulations are not sufficient for non-deforestation and non-conversion. One clear indication is the continued high amount of deforestation and that approximately only 20% of all global palm oil is certified.

In 2020, Bayer has started a supplier engagement project with the overarching objective to remove these barriers and challenges and to increase sustainability within our value chain. This project is especially focused on palm oil derivatives, once successful this will be expanded.

---

#### Forest risk commodity

Palm oil

#### Coverage

Supply chain

#### Primary barrier/challenge type

Limited availability of certified materials

#### Comment

There are many interconnected barriers and challenges to sourcing sustainable palm oil derivatives. Supply chain complexity and transparency, as well as public awareness and local regulations hinder the move towards 100% deforestation and conversion free palm.

As we have decided to switch towards the RSPO Mass Balance certification, we have reached out to all our suppliers. Nevertheless, due to the current availability of materials, we are not able to increase our Mass Balance share quickly. We aim to reach and exceed our targets, our current projection is to underachieve the target for 2022.

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#### Forest risk commodity

Soy

#### Coverage

Supply chain

#### Primary barrier/challenge type

Value chain complexity

#### Comment

There are many interconnected barriers and challenges to sourcing sustainable soy derivatives. Supply chain complexity and transparency, as well as public awareness and local regulations hinder the move towards 100% deforestation and conversion free soy.

As purchaser of derivatives, with various stakeholders and companies involved in the process, the transparency and requirements are high to adhere too. This complexity and the different activities to certify all our processes and supply locations are key reasons to continue with the book and claim process on short term.

Due to different global challenges like climate change including food security there is a need to follow the path of sustainable agriculture and business activities. Bayer aims to use its ability as an impact generator to drive this change.

Additionally, it is observable that the current non-binding regulations are not enough for non-deforestation and non-conversion. During the RTRS Executive Board meetings in November 2019, The RTRS forecasted to have 3.6 million tons of soy certified for the complete year 2019. Compared to the 57,4 million tons for the period between 2018-2019, the amount of RTRS certified soy seems very limited. At the same time deforestation at the planet remains on a high level.

In 2020, Bayer has started a supplier engagement project with the overarching objective to remove these barriers and challenges and to increase sustainability within our value chain. This project is especially focused on palm oil derivatives, once successful this will be expanded.

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#### Forest risk commodity

Soy

#### Coverage

Supply chain

#### Primary barrier/challenge type

Lack of adequate traceability systems

#### Comment

There are many interconnected barriers and challenges to sourcing sustainable soy derivatives. Supply chain complexity and transparency, as well as public awareness and local regulations hinder the move towards 100% deforestation and conversion free soy.

As purchaser of derivatives, with various stakeholders and companies involved in the process, the transparency and requirements are high to adhere too. This complexity and the different activities to certify all our processes and supply locations are key reasons to continue with the book and claim process on short term.

Due to different global challenges like climate change including food security there is a need to follow the path of sustainable agriculture and business activities. Bayer aims to use its ability as an impact generator to drive this change.

Additionally, it is observable that the current non-binding regulations are not enough for non-deforestation and non-conversion. During the RTRS Executive Board meetings in November 2019, The RTRS forecasted to have 3.6 million tons of soy certified for the complete year 2019. Compared to the 57,4 million tons for the period between 2018-2019, the amount of RTRS certified soy seems very limited. At the same time deforestation at the planet remains on a high level.

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In 2020, Bayer has started a supplier engagement project with the overarching objective to remove these barriers and challenges and to increase sustainability within our value chain. This project is especially focused on palm oil derivatives, once successful this will be expanded.

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## F8.2

### (F8.2) Describe the main measures that would improve your organization's ability to manage its exposure to deforestation and/or conversion of other natural ecosystems.

#### Forest risk commodity

Palm oil

#### Coverage

Supply chain

#### Main measure

Improvement in data collection and quality

#### Comment

Bayer commits to move to the RSPO Mass Balance certification and to further promote the production of SUSTAINABLE PALM. Within our activities we will engage and emphasize on the support to ZERO NET DEFORESTATION and the engagement with local communities and global suppliers.

Agriculture innovations (seed varieties, crop protection products, digital farming solutions and stewardship methods) can help reduce the need to expand crop production areas into natural habitats such as woodlands and forests. Bayer's commitments to reduce by 30% the environmental impact of crop protection and greenhouse gas emissions on our customers' fields, by 2030.

Bayer has committed to help 100 million smallholder farmers increase their livelihood in farming. We believe that the increase in productivity will decrease the need to convert forest into agricultural land or to find additional income in forest exploitation.

Bayer is currently implementing programs for vegetation management and afforestation. Implementing native species afforestation programs and including the use of herbicides to control invasive grass species has been found to provide a 3 times greater above ground biomass and improved species richness compared to less intensive, spontaneous regeneration methods (Brancaion et al, 2019) thanks to well selected native seedlings and modern agronomic technology.

Bayer aims for zero net deforestation in our supply chain – and will encourage our supplier to do the same as our greater supplier awareness and engagement. As the most prominent example, we will ensure 100% compliance with the Brazilian Forest Code in our production fields.

Bayer enforces the value of international cooperation such as regulation to promote viable measures in sustainable development and environmental protection. This is why we continue to support forest protection instruments in trade agreements as long as they are science-based, equitable and safeguard an open and non-discriminatory trading system. One example is Bayer's active participation in the ongoing legislative process for the proposed EU regulation on deforestation.

In 2020, Bayer has started a supplier engagement project with the overarching objective to remove these barriers and challenges and to increase sustainability within our value chain.

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#### Forest risk commodity

Palm oil

#### Coverage

Supply chain

#### Main measure

Greater transparency

#### Comment

Bayer commits to move to the RSPO Mass Balance certification and to further promote the production of SUSTAINABLE PALM. Within our activities we will engage and emphasize on the support to ZERO NET DEFORESTATION and the engagement with local communities and global suppliers.

Agriculture innovations (seed varieties, crop protection products, digital farming solutions and stewardship methods) can help reduce the need to expand crop production areas into natural habitats such as woodlands and forests. Bayer's commitments to reduce by 30% the environmental impact of crop protection and greenhouse gas emissions on our customers' fields, by 2030.

Bayer has committed to help 100 million smallholder farmers increase their livelihood in farming. We believe that the increase in productivity will decrease the need to convert forest into agricultural land or to find additional income in forest exploitation.

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Bayer aims for zero net deforestation in our supply chain – and will encourage our supplier to do the same as our greater supplier awareness and engagement. As the most prominent example, we will ensure 100% compliance with the Brazilian Forest Code in our production fields.

Bayer enforces the value of international cooperation such as regulation to promote viable measures in sustainable development and environmental protection. This is why we continue to support forest protection instruments in trade agreements as long as they are science-based, equitable and safeguard an open and non-discriminatory trading system. One example is Bayer's active participation in the ongoing legislative process for the proposed EU regulation on deforestation.

In 2020, Bayer has started a supplier engagement project with the overarching objective to remove these barriers and challenges and to increase sustainability within our value chain.

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#### Forest risk commodity

Soy

#### Coverage

Supply chain

Other parts of the value chain

#### Main measure

Improvement in data collection and quality

#### Comment

Bayer commits to continue using the CREDIT PROCESS to further promote the production of SUSTAINABLE SOY. Within our activities we will further engage and emphasize on the support to ZERO NET DEFORESTATION and the engagement with local communities and global suppliers.

Agriculture innovations (seed varieties, crop protection products, digital farming solutions and stewardship methods) can help reduce the need to expand crop production areas into natural habitats such as woodlands and forests. Bayer's commitments to reduce by 30% the environmental impact of crop protection and greenhouse gas emissions on our customers' fields, by 2030.

Bayer has committed to help 100 million smallholder farmers increase their livelihood in farming. We believe that the increase in productivity will decrease the need to

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convert forest into agricultural land or to find additional income in forest exploitation.

Bayer is currently implementing programs for vegetation management and afforestation. Implementing native species afforestation programs and including the use of herbicides to control invasive grass species has been found to provide a 3 times greater above ground biomass and improved species richness compared to less intensive, spontaneous regeneration methods (Brancaion et al, 2019) thanks to well selected native seedlings and modern agronomic technology.

Bayer aims for zero net deforestation in our supply chain– and will encourage our licensees to do the same. As the most prominent example, we will ensure 100% compliance with the Brazilian Forest Code in our production fields.

Bayer shares the value of international cooperation to promote viable measures in sustainable development and environmental protection. This is why we continue to support forest protection instruments in trade agreements as long as they are science-based, equitable and safeguard an open and non-discriminatory trading system. One example is Bayer’s active participation in the ongoing legislative process for the proposed EU regulation on deforestation.

In 2020, Bayer has started a supplier engagement project with the overarching objective to remove these barriers and challenges and to increase sustainability within our value chain. Learnings of the palm oil project will be included in a starting soy project.

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## F17 Signoff

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### F-FI

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**(F-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.**

n/a

### F17.1

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**(F17.1) Provide the following information for the person that has signed off (approved) your CDP forests response.**

	Job Title	Corresponding job category
Row 1	Bayer AG Chairman of the Board of Management (CEO) and Chief Sustainability Officer (CSO)	Chief Executive Officer (CEO)

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## SF. Supply chain module

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### SF0.1

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**(SF0.1) What is your organization's annual revenue for the reporting period?**

	Annual revenue
Row 1	44100000000

### SF1.1

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**(SF1.1) In F6.3 you were asked "Have you adopted any third-party certification scheme(s) for your disclosed commodity(ies)? Indicate the volume and percentage of your certified production and/or consumption". Can you also indicate, for each of your disclosed commodity(ies), the percentage of certified volume sold to each requesting CDP supply chain member?**

Yes

### SF1.1a

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(SF1.1a) For each of your requesting CDP supply chain members, indicate the percentage of certified volume sold per disclosed commodity(ies).

**Requesting member**

Walmart, Inc.

**Forest risk commodity**

Palm oil

**Form of commodity**

Palm oil derivatives  
Palm kernel oil derivatives

**Third-party certification scheme**

RSPO Book and Claim

**Total volume of commodity sold to member**

**Metric**

Metric tons

**What % of the volume reported in column 5 is certified?**

21-30%

**Comment**

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**Requesting member**

Walmart, Inc.

**Forest risk commodity**

Palm oil

**Form of commodity**

Palm oil derivatives  
Palm kernel oil derivatives

**Third-party certification scheme**

RSPO Mass Balance

**Total volume of commodity sold to member**

**Metric**

Metric tons

**What % of the volume reported in column 5 is certified?**

<10%

**Comment**

Bayer's net-zero deforestation and human rights commitment along the value chain includes the ambition to source sustainable palm (kernel) oil and soy derivatives. Bayer believes in sustainable value chains with the focus on sustainable production, transparency, traceability and certification. In terms of sustainable palm oil, we support the certified sustainable production of these raw materials as a purchaser of plant oil derivatives. We are member of RSPO, and since 2017 we bought RSPO-credits according to the quantities we use. In 2021, we decided to move from the credit system towards the RSPO Supply Chain Certification, the RSPO Mass Balance Certification. We understand the complexity of our value chains. In 2022 we want to achieve 50% Mass Balance certification, in 2023 60%, in 2024 70%, in 2025 80%, in 2026 90% and in 2027 almost 100% certified sustainable palm (kernel) oil. We invite all stakeholders to follow and support in this process.

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**Requesting member**

Walmart, Inc.

**Forest risk commodity**

Soy

**Form of commodity**

Soy derivatives

**Third-party certification scheme**

RTRS Credits

**Total volume of commodity sold to member**

**Metric**

Metric tons

**What % of the volume reported in column 5 is certified?**

100%

**Comment**

Bayer's net-zero deforestation as well as the human rights commitment along the value chain includes the ambition to source sustainable palm (kernel) oil and soy derivatives. Bayer believes in sustainable value chains with the focus on sustainable production, transparency, traceability and certification. In terms of sustainable soy, we support the certified sustainable production of these raw materials as a purchaser of plant oil derivatives. We are member of the RTRS and buy RTRS-credits according to the quantities we use. The purchase of these credits rewards farmer who grow soy in a legal and ecologically, socially and economically sustainable way and who demonstrate this as part of an audited certification process. Crop Science also cooperates with the RTRS to provide mutual support in the certification of Brazilian soybean producers according to the high ecological, social and economic criteria of the RTRS. <https://www.bayer.com/en/agriculture/food-chain-partnership>.

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SF2.1

**(SF2.1) Please propose any mutually beneficial forests-related projects you could collaborate on with specific CDP supply chain members.**

**Requesting member**

Walmart, Inc.

**Commodity related to the project**

Soy

**Category of project**

Certification

**Type of project**

Increase in coverage of commodity certified

**Estimated timeframe for realization of benefits to customer**

> 6 years

**Details of project**

i) As part of our engagement in the RTRS Executive Board we support the certification of sustainable soy. We would very welcome Walmart to join our activities and projects in various areas and countries.

ii) We have roughly 70 Food Chain managers. These experts want to broaden our network and bring its benefits to more people — particularly in helping cultivate new opportunities for smallholder farmers. Certifications are key for farmers today, but many farmers lack knowledge and skills to successfully market their produce. We are constantly looking for partners for our food change certification activities.

**Projected outcome**

Promote sustainable production of forest-related commodities, Support SDGs

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**SF2.2**

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**(SF2.2) Have requests or initiatives by CDP supply chain members prompted your organization to take organizational-level action to reduce or remove deforestation/forest degradation from your operations or your supply chain?**

No

**SF3.1**

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**(SF3.1) For your disclosed commodity(ies), do you estimate the GHG emission reductions and/or removals from land use and land use change that have occurred in your direct operations and/or supply chain?**

**Palm oil**

**Estimate GHG emissions and removals from land use and land use change**

Yes, but not willing to share details

**Please explain**

We expect and assume GHG emission reductions from sustainable production, but at this point of time we are not able to share and quantify these reliable.

**Soy**

**Estimate GHG emissions and removals from land use and land use change**

Yes, but not willing to share details

**Please explain**

We expect and assume GHG emission reductions from sustainable production, but at this point of time we are not able to share and quantify these reliable.

**Submit your response**

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**In which language are you submitting your response?**

English

**Please confirm how your response should be handled by CDP**

	I understand that my response will be shared with all requesting stakeholders	Response permission
Please select your submission options	Yes	Public

**The European Climate Pact Submission**

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**Please indicate your consent for CDP to showcase your disclosed environmental actions on the European Climate Pact website as pledges to the Pact.**

No, we do not wish to pledge under the European Climate Pact at this stage

**Please confirm below**

I have read and accept the applicable Terms

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