



Modern Slavery Act Statement

2023

This statement addresses the fiscal year 2023 (from January 1st to December 31st, 2023), in compliance with the requirements of the Canadian Fighting Against Forced Labour and Child Labour in Supply Chains Act, United Kingdom Modern Slavery Act (2015), the Australian Modern Slavery Act (2018) and the California Transparency in Supply Chains Act (2010). It sets out the steps taken by Bayer AG and its relevant affiliates ("Bayer"), namely in Canada: Bayer Inc., Bayer CropScience Inc.; in the United Kingdom: Bayer plc, Bayer Crop-Science Limited and Monsanto UK Limited; and in Australia: Bayer Australia Limited, Bayer CropScience Pty Limited, Imaxeon Pty Limited, and Monsanto Australia Pty Limited.

Introduction

We stand for respecting human rights in everything we do and will not turn a blind eye to any violation of human rights. We recognize the increase of modern slavery violations worldwide¹ and acknowledge our responsibility to conduct human rights due diligence to prevent, mitigate and remedy risks and violations. We are committed to respecting and fostering human rights within our own business activities and in business relations and to reporting transparently on the results of our activities in this area.

The term ‘human rights’, as used in this Statement, includes modern slavery, human trafficking, forced and child labour.

Bayer is a founding member of the UN Global Compact ([UNGC](#)) and respects the [Universal Declaration of Human Rights](#) and the International Covenants on Civil and Political Rights and on Economic, Social and Cultural Rights of the United Nations. Our human rights due diligence is based on the human rights due diligence principles described in the UN Guiding Principles on Business and Human Rights ([UNGPs](#)) and the [OECD Guidelines for Multinational Enterprises](#). The UNGPs are considered to be among the most important international standards for preventing and addressing actual and potential human rights harm in connection with business activities, such as modern slavery. We are committed to respecting these principles along the entire value chain and within our scope of influence worldwide. We also support the [Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy](#) of the International Labour Organization ([ILO](#)), and the latter’s core labour standards.

Our commitment to act responsibly along the entire value chain forms a core element of our sustainability strategy and encompass our commitment to respect human rights. We acknowledge that the implementation of human rights due diligence is a continuous process that must be constantly adapted and improved. With our [Human Rights Policy](#), we define the human rights requirements within the company. This policy enables us to respect and foster human rights within our own business activities and in business relations. This policy has been adopted by Bayer Inc. and Bayer CropScience Inc. and applies to all Bayer employees worldwide, including Canada, and comprises the engagement along the entire value chain, such as our suppliers, business partners, customers, consumers, and local communities alike.

In addition to identifying, assessing, and addressing potential and actual human rights risks and violations, we also strive to contribute positively towards human rights. We have defined clear sustainability goals that make an important contribution to promoting self-determined living, exerting a positive influence on human rights. This is achieved not only by reducing our ecological footprint, but also by reaching many people in underserved regions with broader access to health care and nutrition. Please visit our [Sustainability Report 2023](#) for more information on our Sustainability Strategy.

I. Our operations and supply chains

We are a life science company and a global leader in healthcare 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. In line with our vision of “Health for all, hunger for none”, we aim to put an end to hunger and help everyone lead a healthy life, while at the same time protecting ecosystems. That is what we aspire to achieve, guided by our purpose “Science for a better life”.

Our operations

As the parent company of the Bayer Group, Bayer AG – represented by its **Board of Management** – performs the principal management functions for the entire enterprise. This mainly comprises the Group’s strategic alignment, resource allocation, and the management of financial affairs and managerial staff, along with the management of Group-wide operations across our Crop Science, Pharmaceuticals and Consumer Health divisions.



Crop Science is the world’s leading agriculture enterprise by sales, with businesses in crop protection, seeds and traits. We offer a broad portfolio of high-value seeds, improved plant traits, innovative chemical and biological crop protection products, digital solutions and extensive customer service for sustainable agriculture. We market these products primarily via wholesalers and retailers or directly to farmers. Most of our crop protection products are manufactured at the division’s own production sites. Numerous decentralized formulation and filling sites enable the company to respond quickly to the needs of local markets. The breeding, propagation, production and/or processing of seeds, including seed dressing, take place at locations close to our customers, either at our own facilities or under contract.

Pharmaceuticals concentrates on prescription products, especially for cardiology and women’s healthcare, and on specialty therapeutics focused on the areas of oncology, haematology, ophthalmology and, in the medium term, cell and gene therapy. In the area of cell and gene therapy, we operate a strategic unit spanning the entire value creation chain from research and development to marketing and patients. The division also comprises the radiology business, which markets diagnostic imaging equipment and digital solutions together with the necessary contrast agents. Our portfolio includes a range of key products that are among the world’s leading pharmaceuticals for their indications by sales, for example in the areas of cardiology, women’s healthcare, ophthalmology and radiology. The prescription products of our Pharmaceuticals Division are primarily distributed through wholesalers, pharmacies and hospitals.

Consumer Health is a world-leading supplier of nonprescription (OTC = over-the-counter) medicines for self-medication and self-care in terms of sales. Our portfolio comprises the categories nutritional supplements, allergy, cough & cold, dermatology, pain and cardiovascular risk prevention, and digestive health. The products are generally sold by pharmacies and pharmacy chains, supermarkets, online retailers and other large and small retailers.

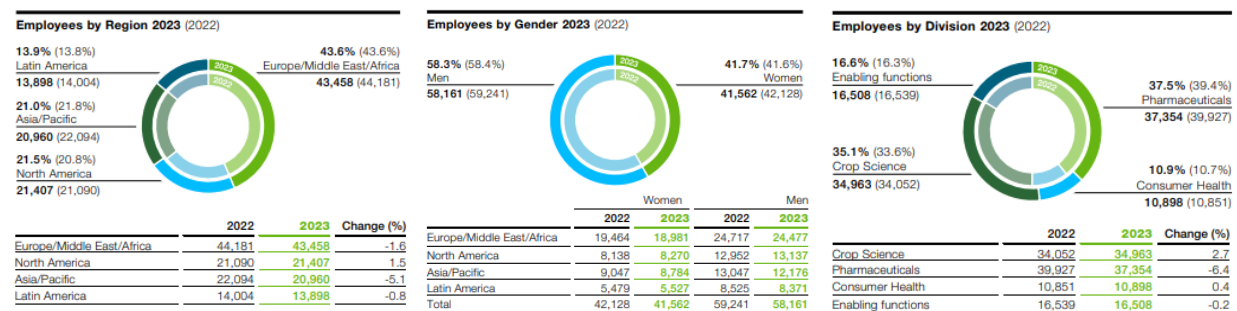
The **enabling functions**, such as Public Affairs, Science, Sustainability & HSE; Group Finance; Human Resources and Information Technology, serve as Group-wide competence centres and bundle business support processes and services for the divisions. Our Leaps by Bayer unit, which invests in disruptive innovations, also forms part of the enabling functions.

Our company has a global footprint. As of December 31, 2023, the Bayer Group comprises 340 consolidated companies in 80 countries. Its headquarters is in Leverkusen, Germany. Sales at the Bayer Group in 2023 amounted to €47.6 billion. To learn more about Bayer please visit our website www.bayer.com.

Our Employees

On December 31, 2023, Bayer employed 99,723 (2022: 101,369) people worldwide. In 2023, the Bayer Group hired 9,247 new employees (accounting for 9.3% of our workforce). Thereof, the majority (43.5%) are employed in Europe / Middle East / Africa, 21% in Asia / Pacific and 21.5% in North America and 14% in Latin America. Our workforce includes only a small number of employees on temporary contracts (2.8%). To learn more about our workforce structure please see the Bayer Annual Report 2023

Employees by Region, Gender and Division



For further demographics, please visit our [Sustainability Report 2023](#)

Fair treatment

The company aims to create a culture that is based on fairness and respect. As established in the Bayer [Human Rights Policy](#), we are committed to respecting the human rights of our employees and therefore to fair and equitable treatment as a basic principle of our work environment. This includes observing Group - wide standards of conduct and protecting employees from discrimination, harassment, and retaliation. These standards are set out in our Group regulation on "Fairness and Respect at Work", which was signed by the Board of Management. Bayer employees around the world are provided with guidance on how to comply with these.

Fair compensation

Bayer applies uniform standards to ensure that employees are fairly compensated throughout the Group. Our performance and responsibility-related compensation system combines a basic salary with performance-related elements, plus additional benefits. Adjustments based on continuous benchmarking make our compensation internationally competitive.

We attach great importance to equal pay for men and women in similar roles with similar experience, and to informing our employees transparently about the overall structure of their compensation.

Bayer compensates employees on both permanent and temporary employment contracts in excess of the statutory minimum wage in the respective countries, paying at least a living wage that is annually reviewed and specified worldwide by the nonprofit organization Business for Social Responsibility (BSR). This also applies to part-time employees whose compensation was proportionately aligned with that of a full-time position.

Our supply chains

As a global company, Bayer procures services and materials from all over the world. In 2023, we had a total of 85,895 (2022: 91,149) suppliers. Our main direct procurement materials include active ingredients, raw materials, intermediates, finished products and seeds. Technical goods and services, research and development (R&D) supplies, marketing services and information technologies are important components of our indirect procurement portfolio. Bayer purchases locally wherever feasible in order to respond promptly to the requirements of our sites and simultaneously strengthen local economies. In 2023, this applied to 82% (2022: 81%) of our procurement spend worldwide

Geographical distribution of our suppliers and spend in 2023

	Spend in € billion		Number of suppliers	
	2022	2023	2022	2023
OECD countries	17.7	17.6	47,689	45,558
U.S.A.	8.1	8.0	12,606	11,883
Germany	4.5	4.4	7,131	6,790
France	0.6	0.6	3,341	3,354
UK	0.7	0.5	1,331	1,188
Other	4.5	4.3	26,623	25,704
Non-OECD countries	5.6	5.1	43,463	40,355
Brazil	1.6	1.5	7,449	7,411
China	1.4	1.1	1,931	1,808
India	0.9	0.9	10,014	10,430
Argentina	0.5	0.5	2,792	2,372
Other	1.6	1.6	24,071	20,722
Procurement spend in € billion	23.3	22.7	-	-
Number of suppliers	-	-	91,149	85,895

Suppliers

Conducting business with a diverse supplier portfolio enhances Bayer's competitive advantage, enabling us to provide innovative and cost-effective products to customers. When selecting suppliers, we therefore consider all types of suppliers.

Number of Suppliers per Country		
	2022	2023
Number of suppliers	91,149	85,895
of which from OECD countries	47,689	45,558
USA	12,606	11,883
Germany	7,131	6,790
France	3,341	3,354
UK	1,331	1,188
Other	26,623	25,704
of which from non-OECD countries	43,463	40,355
India	10,014	10,430
Brazil	7,449	7,411
Argentina	2,792	2,372
China	1,931	1,808
Other	24,071	20,722
Number of countries	148	147

II. Human Rights Management Approach

Our Human Rights Governance

Human rights are among the responsibilities of the Chairman of the Board of Management (CEO). In his role as Chief Sustainability Officer, he is supported in the topic of human rights by the Public Affairs, Science, Sustainability & HSE Enabling Function.

Since 2022, Bayer has had a Human Rights Officer who oversees risk management in regard to human rights and reports to the Board of Management about his or her work. The implementation of our human rights standards in business operations is regulated by Group regulations, processes, and management and monitoring systems. Given our company structure, human rights governance is managed through a globally led program by Bayer AG. The program considers operational and supply chain activities of each of the reporting entities.

Our Human Rights Strategy

In 2030, we want to be industry-leading in our approach to human rights, based on our human rights strategy, which comprises three interlinking phases:

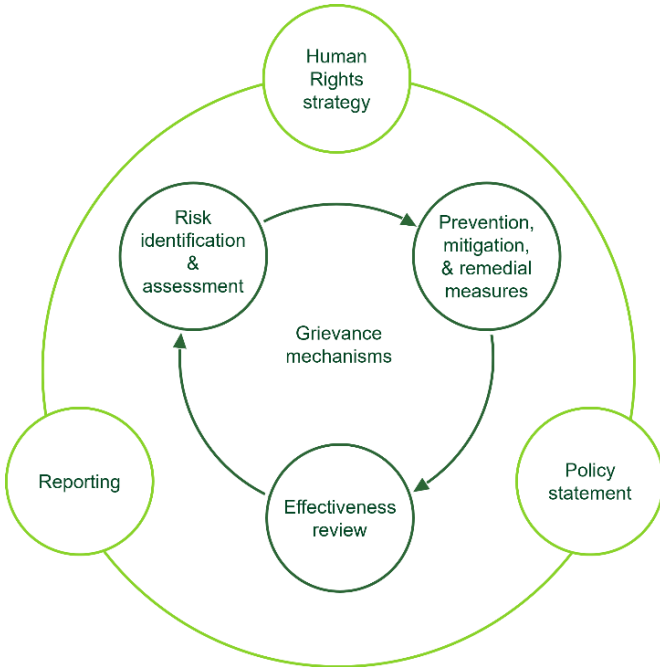
Definition of the framework: The strategy builds on an analysis of the status and risks in accordance with the UNGPs and OECD Guidelines, our vision "Health for all, hunger for none" and the legal requirements such as those stemming from the German Supply Chain Due Diligence Act (SCDDA), the UK Modern Slavery Act, the Australia Modern Slavery Act and the California Transparency in Supply Chains Act.

Operationalization and full integration: Expansion of existing due diligence processes to address human rights risks.

Strategic positive contribution: Support for the protection of human rights in areas that concern our business and started with our sustainability targets.

Guided by our [Human Rights Policy](#) and underpinned by our established governance structure, we are continuing to drive forward the implementation of our human rights strategy.

Human Rights Due Diligence in accordance with UNGPs and OECD at Bayer



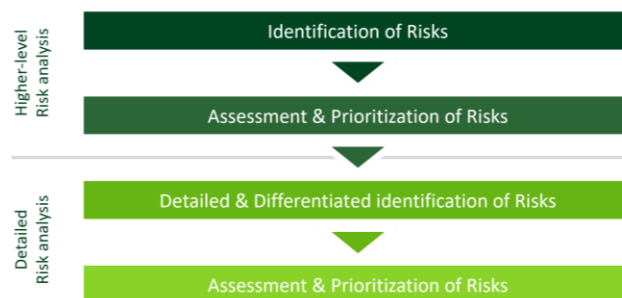
We implement measures to ensure respect for human rights both within our own company and along our entire value chain. Group regulations, processes, and management as well as monitoring systems regulate the implementation of human rights standards. We are aware that the implementation of human rights due diligence is a continuous process that must be constantly adapted and improved. To ensure respect for human rights in the value chain in a targeted manner, Bayer operates according to a due diligence approach that is based on the UNGPs and OECD Guidelines for Multinational Enterprises. This process comprises a policy statement, risk identification and assessment processes, prevention and mitigation measures, measures for determining effectiveness and reporting, along with access to grievance mechanisms and the implementation of remedial measures.

Our efforts and progress on strengthening our human rights due diligence efforts is reported in the Human Rights Chapter our [Sustainability Report 2023](#) and in the following chapters of this Statement.

III. Risk Identification and Assessment

We use a risk analysis to identify potentially detrimental effects of our business activity on human rights. In doing so, human rights risks are identified, evaluated, and prioritized, from an overarching risk analysis for the entire company to detailed analyses in selected areas. Our risk analysis is aligned to the Chemie³ industry standard.

Levels of Risk Assessment according to Chemie³ Industry Standard



The analyses are conducted at least once per year and on an ad hoc basis. The results of this human rights risk analysis are communicated to relevant internal decision-makers and incorporated into the Bayer risk portfolio of our Groupwide, integrated risk management system in cases where the threshold values are exceeded. There, decisions on risk mitigation measures are also documented. The risk portfolio is regularly reviewed by the Bayer Assurance Committee.

Risks were identified and assessed in a two-step process

- // The first step was to identify potential human rights risks that we could encounter, either through our business activities, products and services, or in our value chain. For this purpose, we considered the human rights described in the International Bill of Human Rights and the core labour standards of the ILO. Herewith we considered the freedom from slavery, servitude and forced labour as well as protection against child labour.
- // The second step was to assess these rights separately in terms of their risks with regard to their degree of severity (based on scope, scale and irremediability), materiality and likelihood of occurrence.

Saliency and materiality

Two dimensions must be accounted for when managing human rights risks.

- // The first comprises salient human rights issues, which refer to those human rights that can be most severely impacted by our activities and business relationships.
- // The other concerns material human rights, which are those that are of great importance for our internal and external stakeholders.

In assessing human rights-related risks, we distinguish between gross and net risks. Gross risk refers to a risk a company can expect due to its business operations, the type and scope of its products and services along with the value chain, excluding any governance measures (in other words prevention and mitigation measures). When assessing our activities and business relations, we have also considered our scope of involvement, i.e. cause, contribute, directly linked, as described in the UNGPs and OECD Guidelines.

The net risk describes the gross risk, taking account of prevention/mitigation measures that have already been established. First, we assessed the respective gross risk and then the net risk, taking into account established prevention and mitigation measures.

This enabled us to identify and assess the human rights that could be negatively impacted most significantly through our activities and business relationships in the upstream and downstream value chains (salient human rights) or that are of particular importance for our company (material human rights).

We have identified six priority issues:

- // Right to health
- // Responsible use of natural resources
- // Protection against child labour
- // Right to freedom from slavery, servitude and forced labour
- // Right to fair and favourable working conditions
- // Right to freedom of association

In the coming months and years, we will put a particular focus on addressing these priority issues.

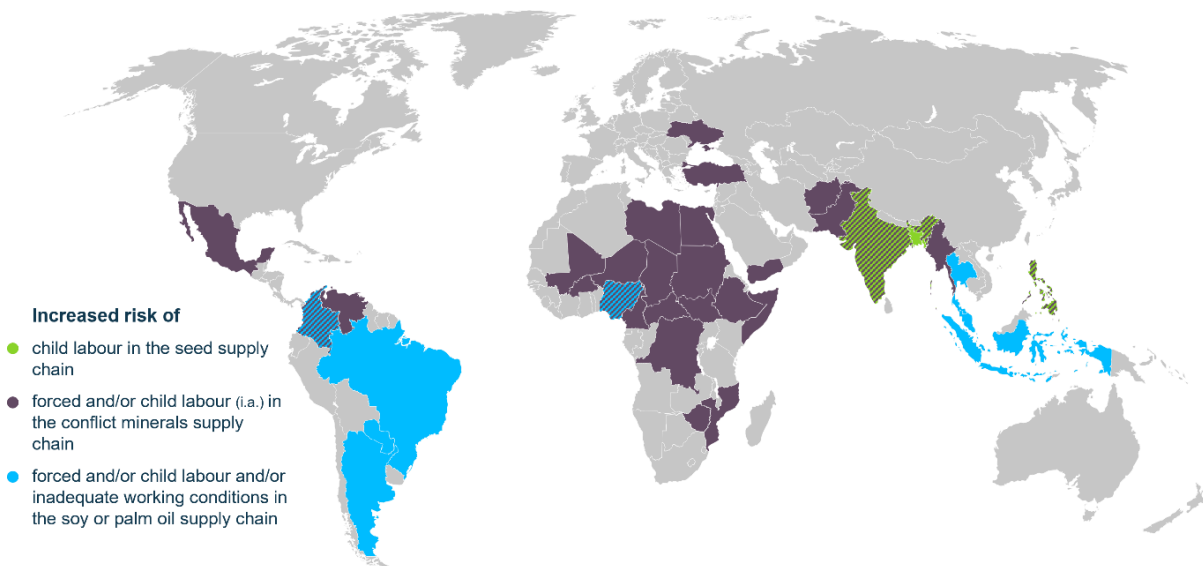
For more information on our Group-wide, integrated risk management process, please see our [Sustainability Report 2023](#).

Given our company structure, human rights governance is managed through a globally led program by Bayer AG. The program considers operational and supply chain activities of each of the reporting entities.

We conduct our human rights risk analysis on a regular basis, i.e. once a year, and on an ad hoc basis as required. For more information on our Group-wide, integrated risk management process, please see our [Sustainability Report 2023](#)

Additionally, annually, we perform specific in-depth analysis in the form of risk classifications for our direct supply chain (further details on our management process to improve sustainability practices in the supply chain see chapter IV of this Statement) as we are connected to several million rightsholders – in other words people who are directly or indirectly impacted by our activities – through this. The sustainability supplier risk classification comprises the supplier's country and category risks including social standards (e.g., child labour, forced labour, working conditions). The risk categorization is based on internationally recognized classifications of country risks such as those applied by the World Bank and of category risks such as those employed by the United Nations. Those suppliers with a significant annual procurement spend of more than €0.5 million and a high sustainability risk classification as well as those of strategic relevance to Bayer must undergo a sustainability evaluation. In 2022, this selection process yielded 181 strategically important suppliers making up around 31% of the total procurement spend, and 333 suppliers with a high sustainability risk and a significant procurement spend (>€0.5 million p.a.) making up nearly 8% of the total procurement spend.

Additionally, we identified further areas in our supply chain with a potential increased risk of human rights violations for which we have derived preventive measures accordingly (further details, see chapter IV of this Statement).



IV. Measures to address risks

We implement measures to ensure respect for human rights both within our own company and along our entire value chain. Group regulations, processes, and management and monitoring systems regulate the implementation of human rights standards within our own operations and the supply chain.

Our Group regulations – for own operations and supply chain

Bayer has documented its stance on human rights, including modern slavery, human trafficking and forced and child labour, in a globally binding Bayer [Human Rights Policy](#), which defines the human rights requirements within the company and obligates us to respect and foster human rights within our own business activities and in business relations. Our commitment to respecting human rights extends to all Bayer employees worldwide and the entire value chain, comprising business partners, suppliers, contractors, customers, consumers, and local communities.

Guided by our LIFE values and supplementary to our [Human Rights Policy](#), we substantiate specific standards and responsibilities for respecting human rights in existing rules and Group regulations. These include the Bayer Societal Engagement (BASE) Principles, along with regulations on Data Privacy, [Corporate Compliance](#), Fairness & Respect at Work, [HSE management & HSE key requirements](#), and Security and Crisis Management; Management of Contingent Workforce; and Management of Compliance Incidents. We have anchored ethical, social, and ecological principles in our Procurement Policy, which is binding for all employees worldwide.

The regulations approved by the Board of Management are managed centrally and follow a uniform, global process that includes notifying employees about changes and new aspects via a newsletter and the intra-net. Bayer has also actively established a system that transparently describes the enactment and implementation status of these regulations.

Additionally, we have a [Supplier Code of Conduct](#) in place that specifies what we expect of our suppliers and obligates them to fully respect human rights, including right to be free from slavery, servitude and forced labour as well as protection against child labour.

With respect to clinical trials, we strictly align ourselves to the Declaration of Helsinki, a set of ethical principles regarding medical research involving humans, adopted in 1964, and other international ethical norms and standards (e.g. from the Council for International Organizations of Medical Sciences (CIOMS) and the International Council for Harmonisation of Technical Requirements for Pharmaceuticals for Human Use (ICH). These principles are also specified in our [Supplier Code of Conduct](#).

In our operation

Training for our Employees

We offer numerous ongoing training programs – partly on mandatory basis – to enhance employees' awareness of the importance of human rights in their day-to-day activities, including our employees with direct responsibility for our own workforce and our supply chains. In 2023, more than 86% of our employees received training on aspects of our [Human Rights Policy](#) in sessions totaling more than 224,000 hours. Those trainings cover e.g. fairness and respect at work principles (i.e. on how we expect our employees to conduct themselves fairly and in a compliant manner and informs on when and how to speak up in case of observing non-compliant behaviour), health & safety (i.e. on explosion safety at our sites) or data privacy (i.e. on how to protect data). The issue of human rights continues to be an integral element of training measures for the management of our country organizations.

All employees are continuously strongly encouraged to complete the “Respecting Human Rights at Bayer” training course which includes the topics of modern slavery, forced labour, and child labour. It is available in the languages Chinese, French, German, Italian, Japanese, Portuguese, Russian, Spanish and thus is offered since then in nine languages, including the initial publication in English. With this training, we aim to enhance our employees' awareness of the importance of human rights in their day-to-day activities. Employees learn how to identify, analyze, and address cases of potential human rights violations. The training was developed with internal experts from the divisions, functions, and country organizations. This training has been awarded with the Brandon Hall Bronze Award that especially highlighted the learner experiences delivered by the course. This course continues to be included in the development plans of employees working in areas with a higher risk of potential human rights infringements.

Internal training measures are accompanied by an internal learning platform on sustainability that also offers diverse learning materials on the respect for human rights, including topic of modern slavery.

In our supply chains

We have established a four-step process throughout the Group to improve sustainability practices in the supply chain. The sustainability landscape encompasses human rights topics including modern slavery, human trafficking and forced and child labour.



The steps include 1) Supplier Awareness: Raising awareness on our sustainability expectations by means of our [Supplier Code of Conduct](#) and contract clauses,
2) Supplier Nomination: Nominating and selecting suppliers for sustainability evaluation with the help of sustainability risk classifications (further details see chapter III of this Statement),
3) Supplier Performance Evaluation: Evaluating sustainability performance of selected suppliers through online assessments or on-site audits,
4) Supplier Development: Developing suppliers as needed. We monitor the performance developments by way of re-evaluations.

More details can be found in our [Sustainability Report 2023](#)

This process is centrally steered by a Sustainability unit in Procurement. It is implemented through cross-functional cooperation between the Procurement, PASS & HSE enabling functions.

Our Supplier Code of Conduct (Step 1: Supplier Awareness)

We expect our business partners, and particularly our suppliers and subcontractors, to fully respect human rights. Therefore our [Supplier Code of Conduct](#) (Code) is based on our [Human Rights Policy](#), the principles of the UNGC and the core labour standards of the ILO. Our Code aims to strengthen our mutual understanding of how sustainability should be practiced in day-to-day business and including the expectation that our suppliers will seek to enforce the same principles within their own supply chains. It is made available to our suppliers before entering into contract and suppliers must already commit to our core principles upon registration. The code is available in 21 languages and covers the areas of ethics, relations with employees and other stakeholders (including human rights), health, safety, environmental protection and quality, and corporate governance and management systems. The chapter "labour & human rights" specifies that we do neither accept child labour nor slavery, servitude and forced or compulsory labour and human trafficking in our supply chains. The Bayer Supplier Code of Conduct includes the legal requirements of the German Supply Chain Due Diligence Act (SCDDA), which sets out legal requirements in the supply chain for various environmental and human rights topics, including child labour avoidance and freely chosen employment. The Code is frequently reviewed and updated.

Training for our Suppliers (Step 1: Supplier Awareness; Step 4: Supplier Development)

Aspects of modern slavery are also integrated in the training offering for suppliers as well as the Bayer [Supplier Code of Conduct Guidance](#) which supplements our [Supplier Code of Conduct](#). The guidance provides concrete examples of good practices, key expectations, and benchmarks which supplier can use to practice in their daily business. Suppliers will find practical examples on how to address potential modern slavery, human trafficking, forced and child labour risks within its own operation.

In order to effectively address the wide-ranging challenges of a sustainable supply chain and to leverage synergies, Bayer joined two industry initiatives – the "Pharmaceutical Supply Chain Initiative" ([PSCI](#)) and "Together for Sustainability" ([TfS](#)), an initiative that was co-founded by Bayer.

Both initiatives are integral elements of Bayer's commitment to sustainability in the supply chain, providing sustainability-oriented upskilling training for suppliers and supplier managers.

TfS is an initiative of chemical companies committed to making sustainability improvements within their own – and their suppliers' – operations. This is to build global standards for environmental, social and governance performance of chemical supply chains. TfS members are chemical companies who represent a global annual turnover of over €800 billion and a global spend of more than €500 billion in the chemical industry in 2023.

The TfS Academy is a practical-oriented learning environment for suppliers and Bayer procurement employees. It covers topics as ethical aspects, conflict minerals, waste management and anti-corruption measures. In 2023, Bayer selected around 200 suppliers to participate in TfS training courses based on their sustainability performance and Bayer's assessment plan. The training courses dealt with labor and human rights guidelines, whistleblower procedures, environmental reporting and sustainable procurement guidelines.

The purpose of the PSCI is to define, establish and promote responsible supply chain practices, human rights, environmental sustainability and responsible business along the pharmaceutical supply chain, using the PSCI Principles for Responsible Supply Chain Management as a blueprint for responsible practice.

The PSCI organized more than 50 training sessions and webinars for suppliers on various human rights, ethics and HSE topics in 2023. A global supplier conference and supplier capability-building conference in China were conducted virtually, and a face-to-face supplier capability-building event took place in India in 2023. These conferences were attended by more than 750 supplier representatives. Through the PSCI online resource library, our suppliers can use additional training materials, which are supplemented every year.

In 2023, PSCI introduced the e-learning platform Learnster, which allows organizations to create their own interactive and engaging courses. Via Learnster, both PSCI members and their suppliers have access to the PSCI catalogue of courses and can track progress against the PSCI maturity framework.

Bayer is also a member of the Sustainability Procurement Pledge's (SPP) League of Champions, which provides access to a wide range of capability-building resources and engagement opportunities – developed for Procurement, by Procurement – across all regions, sectors and issues. SPP is an international organization for procurement professionals, academics and

practitioners, driving awareness and knowledge about responsible sourcing practices and empowering people working in procurement.

Management of particular risks in the supply chain

In the past Bayer has identified areas in the supply chain with a high risk of human rights violations and therefore set up preventive measures and partnerships to systematically monitor and prevent infractions. Those areas include child labor in seed supply, conflict minerals, and soy and palm oil.

In 2020, we initialized a systematic human rights risk-analysis with an external expert partner. This analysis covers the whole Bayer Group and delivers insights on all human rights which could be negatively impacted by our activities, or through our business relationships.

As we continue to monitor risk situations, we will adjust our programs accordingly to address or mitigate human rights violations in our seed supply chain.

V. Tracking and Reviewing Effectiveness of measures

We are constantly tracking the implementation of our measures to address human rights including modern slavery, human trafficking, forced and child labour risks and are working on a concept for measuring the effectiveness of our human rights due diligence approach. In this connection, we draw on established measurement systems such as integrated management system and supply chain monitoring.

In our operations

Internal Risk Controls

The Internal Audit department conducts independent, risk-based and objective audit activities, employing a targeted and systematic approach in order to assess and help improve the effectiveness of corporate governance, risk management and monitoring processes. Audits are conducted by Bayer auditors and take place after an announcement.

Hence, we verify the observance of human rights at our sites partly by means of internal audits. Bayer's Internal Audit function conducts regular audits following the standards of the Institute of International Auditors (IIA). The annual audit planning follows a risk-based approach. These audits include among others the verification of our Human Resources processes, particularly concerning labour contracts, compliance with hiring requirements (including minimum age verification) of our permanent and temporary employees, and employees' working hours. Internal Audit also examines whether employees are paid a living wage (find more details on our continued approach to living wages in our [Sustainability Report 2023](#)). Our procurement processes are audited as well, for example the commissioning of contractors.

A total of 88 audit reports were compiled in 2023, of which eight were preventive compliance program audits or incident-related investigations. For more details, please refer to our [Sustainability Report 2023](#).

In our supply chain

Evaluating supplier sustainability performance (Step 3: Supplier Performance Evaluation)

We verify the respect of human rights by our suppliers, partly by means of online assessments (through EcoVadis) and on-site audits that also include interviews with the suppliers' management and employees. Hereby, we follow a risk-based approach and also consider suppliers with a strategic relevance (further details see chapter IV of this Statement). Our online assessments and on-site audits are carried out through qualified third-parties or Bayer auditors and take place after an announcement to the supplier. The online assessment criteria of EcoVadis – broken down into the areas of environment, ethics, labour and human rights, and sustainable procurement – correspond to the requirements of our [Supplier Code of Conduct](#) and also take into account country- and industry-specific conditions and supplier size. In total, our service provider EcoVadis assessed 1,118 suppliers on our behalf in 2023.

In 2023, 134 sustainability audits were conducted at our suppliers by external and Bayer auditors. The audit criteria included both the specifications of our [Supplier Code of Conduct](#) including forced and child labour and the industry-specific requirements of industry initiatives such as [TfS](#) and [PSCI](#).

Assessment and audits of our suppliers

Assessments and Audits of Bayer Suppliers¹			
	2021	2022	2023
Sustainability assessments ² via the EcoVadis platform	802	1,145	1,118
Sustainability audits ³ by external or internal auditors	77	113	134

¹ The online assessments of our suppliers that form part of a group generally take place at the parent-company level.

² Initial and reassessments of suppliers

³ Initial and follow-up audits of suppliers

Developing suppliers and further remedial measures (Step 4: Supplier Development)

The online assessments and on-site audits are analyzed and documented so that specific improvement measures can be defined as needed. In 2022, suppliers who had undergone online assessments by EcoVadis demonstrated the need for improvement, particularly in the categories of ethics and sustainable procurement, while those who had been audited required improvement in health and safety.

A supplier receives an insufficient result if one or more critical findings or several major findings in the implementation of sustainability aspects are identified. In these cases, Bayer requests that the suppliers remedy the identified weaknesses within an appropriate timeframe based on specific action plans. In 2022, this applied to 26 suppliers (2% of assessed and audited suppliers; 2021: 3% (22 suppliers)).

A key factor in this collaboration is helping our suppliers to improve their sustainability performance, including their performance in the area of labour practices and human rights. Here we focus both on remedying deficiencies and on collaborating on sustainability topics (further details see chapter IV of this Statement).

In 2022, we actively worked together with the suppliers in whose operations we had identified critical findings regarding human rights in 2021. As required, the suppliers were either included in our Sustainability Supplier Development Program, or follow-up audits were either conducted in 2022 or in planned further audits. In this way, we attempt to improve the situation for suppliers' employees not just in the short term, but also in the long term. In 2022, audits of suppliers uncovered a very small number of critical findings regarding applicable wages, other worker employee benefits, working hours, occupational health and safety as well as indicators of modern slavery in the form of withholding graduation certificates for a certain period of time and payment of recruitment fees a risk of child labour as documents verifying the age of the workers were not provided. In each of these cases, we also actively cooperated with our suppliers by agreeing on a time-bound corrective action plan to improve the situation for employees in a timely fashion.

The development cycle is rounded off by a re-evaluation to verify the implementation of improvements. Bayer retains the right to terminate a supplier relationship if no improvement is observed during a re-evaluation.

Our monthly monitoring shows that 676 (2021: 508) of the 1,258 (2021: 879) Bayer suppliers evaluated in 2022 improved their sustainability performance. In total, 687 (2022: 676) of the 1,252 (2022: 1,258) suppliers assessed via EcoVadis or audited via TfS or PSCI improved their sustainability performance in 2023.

In 2023, Bayer was not prompted to end any supplier relationship due solely to sustainability performance. However, we implemented measures to reduce business with suppliers who were not able to improve their sustainability performance.

VI. Grievance Mechanisms

We support all our employees in acting with integrity as framed by our company's LIFE values. Therefore, we launch communication campaigns and offer ongoing training programmes that cover compliance and human rights. For example, our annual, company-wide "speak up" campaign, aims to foster an open reporting culture and communicates the various options for reporting compliance violations. This campaign involves regular information and communication at the global level to create an environment in which our employees can address compliance violations without reservations and thus put Bayer's value concepts into practice. Also, the "Fairness and Respect at Work" Training raises awareness and guidance on when and how to speak up in case of observing non-complaint behaviour at the workplace.

Bayer manages its businesses responsibly and in compliance with the statutory requirements and regulations of the countries in which it operates. What we mean by compliance is the legally impeccable behaviour of our employees in their daily work and expect this as well from our suppliers. We do not tolerate any violation of applicable laws, codes of conduct or internal regulations. Suspected compliance violations, including violations of human rights, can be reported – anonymously if desired and if permitted by respective national law – through different channels. For the general public, for our employees and the employees of our suppliers, we offer a [web-form and a worldwide compliance hotline](#) operated by an independent service provider. Suspected violations can be reported by anyone either via the internet or through a phone call made in the caller's preferred language and answered by independent specialists.

The provider enables a complainant to check the status of the report submitted. This hotline is also mentioned in our [Supplier Code of Conduct](#), where, additionally, we expect our suppliers to make an adequate complaint mechanism available to their stakeholders.

Our employees can also report suspected compliance violations directly to the respective compliance functions, Internal Audit, or an internal mailbox - the so-called "Speak-Up Inbox". A report can be submitted anonymously if allowed by national law.

All cases are recorded according to uniform criteria and throughout the Bayer Group and dealt with under the rules set forth in Bayer's Group Regulation on Management of Compliance Incidents. Where an investigation confirms that a compliance violation has occurred, the company has a graduated set of measures at its disposal. These include a verbal warning or written reprimand, transfer to a different unit, cancellation of a planned promotion, a reduction in the short-term incentive payment, downgrading to a lower collectively agreed pay rate or managerial contract level, and ordinary or extraordinary termination. Bayer also reserves the right to assert further claims against the employee for cost reimbursement or damages and/or to initiate criminal proceedings.

A total of 1,494 suspected compliance violations were recorded in 2023, 90% of which were compliance-relevant (as of: December 31, 2023; subject to changes to ongoing investigations).

Categories of Compliance Violations by Frequency in 2023

As of: December 31, 2023; subject to changes due to ongoing investigations

	Number of Incidents
1. Data leakage prevention/IT security	242
2. Code compliance	94
3. Fairness/respect at work	72
4. Product-related communication	51
5. Conflict of interest	37

We continue to review our grievance mechanisms with a special focus on human rights. To further increase transparency and accessibility, we published an [infographic](#) that explains how [complaints were managed](#). It clearly states that our grievance mechanism is suitable and able to address human rights issues, including child and forced labour, and all other forms of slavery.

VII. Partnerships to foster dialogue on human rights

We engage in dialogue with stakeholders and actively participate in committees, initiatives, and partnerships to foster human rights:

Our Partnerships

Initiative or Committee	
Business for Social Responsibility (BSR)	We are part of the Business for Social Responsibility (BSR) initiative and its working group for human rights. The member companies from various industries discuss best practices, challenges, and experiences in implementing the UNGPs.
econsense	econsense is an exchange-platform for globally operating companies with a focus on sustainability topics - from environmental protection to human rights. We participate in this forum to learn on and share our best practices. Since 2022, we have the sponsorship of the issue of business and human rights.
Enabling Child and Human Rights with Seed Organizations (ECHO)	Established by Bayer and other seed companies in 2019, ECHO is one of the biggest multi-stakeholder forums for the promotion of children's rights and decent work. In 2023, ECHO organized a walkathon to mark the World Day Against Child Labour with the goal of raising awareness about the issue.
Pharmaceutical Supply Chain Initiative (PSCI)	The Pharmaceutical Supply Chain Initiative (PSCI) is a non-profit membership organisation with the aim to implement sustainable practices along the supply chains. It therefore offers i.a. learning platforms for suppliers and shares audit results through its platform with members.
Together for Sustainability (TfS)	Together for Sustainability (TfS) is an initiative of chemical companies with a focus on assessing, auditing, and improving sustainability practices in the supply chains.

Bayer is also an active participant in the current discussion on due diligence with respect to human rights at the EU level and on the implementation of the requirements stemming from the SCDDA at the national level.

I. Past Achievements and Future Key Points of Action

We know that the size of our business alone signifies that we must and can make a significant contribution to sustainable development. In the area of human rights, including modern slavery, human trafficking, forced and child labour, we continue to learn and continuously improve and adjust our processes.

Year	Planned	Achieved
2020 - 2022	Renewal of identification and assessment of our human rights risks	We identified the human rights that could be most significantly negatively impacted through our activities and business relations in the upstream and downstream value chains (salient human rights) or that are of particular importance for our company (material human rights), see chapter III Risk Identification and Assessment .
2023	Incorporation of relevant human rights risks into the Bayer risk management process and addressing of human rights priorities	The results of the human rights risk analysis were incorporated into the Bayer Risk Portfolio of our Group-wide, integrated risk management process. In the coming months and years, we will put a particular focus on addressing these priority issues, see chapter III Risk Identification and Assessment
2021 - ongoing	Development of a new human rights strategy	We have strengthened our human rights strategy and governance, see chapter II Human Rights Management Approach . We will further drive its improvement and implementation.
2023	Update of our Human Rights Policy	We have updated our Human Rights Policy. The updated policy was published in October of 2023 to also respond to the demands of the SCDDA
2021 - 2022	Dedicated online training on human rights	We prepared a dedicated human rights basic training course, which includes the topics of modern slavery, forced labour, and child labour. End of 2021, the English version of this e-learning program was published. In 2022, the training had been published in eight additional languages, see chapter IV Measures to address risks .
2021 - ongoing	Review of our grievance mechanisms	We continue to review our grievance mechanisms with a special focus on human rights.
2021 - ongoing	Strengthening sustainability supplier development	We started to conceptualize our supplier development, which we continue in 2023, see chapter IV Measures to address risks and V Tracking and Reviewing of measures .
2022 - ongoing	Update of our Supplier Code of Conduct	In 2022, following the enactment of the SCDDA in January 2023, which sets out the legal requirements in the supply chain for various environmental and human rights topics, including child labour avoidance and freely chosen employment, we updated the Bayer Supplier Code of Conduct to include the new legal requirements, see chapter IV Measures to address risks . The update had been published in English. In 2023, we plan to provide further translations.
2022 - ongoing	Strengthening our Human Rights Governance	In 2022, We have established an ESG Committee within Bayer's Supervisory Board to deal, among others, with social responsibility matters that include human rights. In 2022, the Board of Management introduced the position of a Human Rights Officer, who will oversee risk management as regards human rights and inform the Board of Management of the ongoing work, see chapter II Human Rights Management Approach . In 2023, we strengthened our external Sustainability Council by a business and human rights expert.

Canadian Annex

This report constitutes joint report for Bayer Inc. and Bayer Cropscience Inc. Bayer Inc. And Bayer Cropscience Inc. are Canadian operating entities. They are part of the Bayer Group of companies, with the ultimate parent Bayer AG, with group-wide operations across Crop Science, Pharmaceuticals and Consumer Health divisions. Both entities operate locally under the contracts negotiated and established by the regional procurement teams following global guidelines outlined in our report submission. Bayer AG governs processes as described in this statement, e.g., Group-wide policies, the human rights risk identification, the procurement of goods and services, grievance mechanisms and trainings. As outlined during this statement these processes are applied worldwide, including the reporting entities.

Bayer Inc. is headquartered in Mississauga, Ontario. Bayer Cropscience Inc. is headquartered in Calgary, Alberta.


We confirm that Bayer Canada has not directly taken any remedial measures in relation to forced or child labour over the course of 2023. Our Global Modern Slavery Act Statement covers remedial actions for all Bayer entities and suppliers.

For additional information on Bayer Cropscience please our website: <https://www.cropscience.bayer.ca/en/>

For additional information on Bayer Inc. please see our website: <https://www.bayer.com/en/ca/canada-home>

APPROVAL & ATTESTATION

In accordance with the requirements of Canada's Fighting Against Forced Labour and Child Labour in Supply Chains Act, and in particular section 11 thereof, I attest that I have reviewed the information contained in the joint report for Bayer Inc. and Bayer Cropscience Inc. I attest that the report has been approved by the board of directors and that, based on my knowledge and having exercised reasonable diligence, the information in the report is true, accurate and complete in all material.

Signature:	
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Name: Antoine Bernet

Title: President and CEO

Date: May 30, 2024

I have the authority to bind Bayer Inc. and Bayer Cropscience Inc.