AUSTRALIAN PACKAGING COVENANT
Annual Report
For
Bayer CropScience Pty Ltd

2018 Initial reporting under new Action Plan
1.0 Company Information

Bayer is a global enterprise with core competencies in the fields of health care, nutrition and agricultural chemicals. Bayer’s mission statement, "Bayer: Science for a Better Life" is core to the production of Bayer products, which are designed to benefit people and improve their quality of life. As an inventor company, Bayer plans to continue setting trends in research-intensive areas. Innovation is the foundation for competitiveness and growth, and thus for the company’s success in the future.

Bayer’s knowledge and products are helping to diagnose, alleviate or cure diseases, improving the quality and adequacy of the global food supply, and contributing significantly to an active, modern lifestyle. Bayer’s expertise and innovative capability also enable us to offer solutions for protecting the earth’s climate and addressing the consequences of climate change.

In Australia and New Zealand, Bayer has invested significantly in local research and manufacturing for more than 80 years. From early 2016, Bayer has been divided into three business groups: Pharmaceuticals, Consumer Health and Crop Science; our categories for Sustainable Packaging Guidelines have been updated to reflect these changes.

As a result of a range of changes within Bayer and under the Covenant, Bayer Crop Science (BCS) became a signatory to the Covenant in late 2018. BCS has submitted its first Covenant Action Plan under its new Covenant obligations, which is separate from the Covenant activities of Bayer Australia Limited (BAL), which addresses the Animal Health, Pharmaceuticals and Consumer Health business groups, that are addressed in this Annual Report. BAL has been a Covenant signatory since 2001. BCS is a standalone legal entity.

The Animal Health business group will be divested from Bayer, likely in the latter part of 2019. The Bayer Material Science division was divested from Bayer AG globally on 1 September 2015 and is now trading on the German DAX as Covestro.

The integration of the Monsanto Company, which Bayer now owns in its entirety, into Bayer commenced 21 August 2018, following approvals from regulatory authorities and is effective as of 7 June 2018. At that time, Bayer’s acquisition of Monsanto was the world’s largest acquisition. At a local level as at March 2019, Monsanto and BCS are still operating as separate legal entities, however the intent is to consolidate during 2019.

Some impacts of the Monsanto acquisition are still to be determined, and have been considered to the fullest extent possible in the development of our updated Action Plan in 2018. Remaining impacts will be addressed as soon as practicable and Bayer will regularly consult with the Australian Packaging Covenant Organisation (APCO) to encompass and meet Bayer’s Covenant commitments.

Bayer employs around 900 people in Australia and New Zealand, and around 100,000 worldwide. In 2017/18, Bayer generated A$1.2 billion in revenue in Australia and New Zealand. Bayer Australia and New Zealand, and Bayer CropScience Pty Ltd are fully owned subsidiaries of Bayer AG based in Leverkusen, Germany.

Head office for Bayer Crop Science is located at Hawthorn Victoria. Other locations for Bayer CropScience in Australia include Pymble in Sydney, Pinkenba and Eight Mile Plain in Queensland; and Kwinana in Western Australia, with the Kwinana site subject to divestment.
The BCS Action Plan has been developed consistent with the APCO Packaging Sustainability Framework, and within the Framework’s three principal categories - Leadership, Packaging Outcomes and Operations. Bayer’s consideration of the Framework’s core and recommended criteria have been addressed within the categories, with notations on whether the criteria are core or recommended.

2.0 Bayer Crop Science

The Crop Science Division of Bayer is a world-leading agriculture enterprise with businesses in seeds, crop protection and non-agricultural pest control. The Crop Protection / Seeds operating unit markets a broad portfolio of high-value seeds and innovative pest management solutions, while at the same time providing extensive customer service for sustainable agriculture. The Environmental Science operating unit provides products and services for professional non-agricultural applications, such as vector and pest control and forestry.

As a result of a range of changes within Bayer and under the Covenant, BCS became a signatory to the Covenant in late 2018. This is the first Covenant Action Plan submitted by BCS under its new Covenant obligations, and separate from the Covenant activities of Bayer Australia Limited (BAL), which addresses the Pharmaceuticals, Animal Health and Consumer Health business groups. BAL has been a Covenant signatory since 2001. BCS is a standalone legal entity.

3.0 Period Covered

This Annual Report covers part of 2018 but does not cover the full year because the BCS Action Plan was filed in February 2019 as a new signatory to the Covenant. After consultations with APCO, we understand that indicative reporting will suffice for this first Annual Report due to the early stage of development for BCS’s Covenant commitments.

4.0 Outcomes Achieved

Outcomes are reported against BCS’s Action Plan and grouped under the appropriate Covenant approaches. Following discussions with APCO, the List of 2019 APCO Annual Report Questions (last updated 14 December 2018) has been used to frame responses; a few questions have therefore been modified from the 2018 list of questions.

1. Leadership

1.1 Packaging sustainability strategy (core)

Committed Performance Level: 4

Given the full extent of Bayer’s products and a long-standing interest in integrating sustainability throughout our operations, Bayer’s packaging sustainability strategy is incorporated within our procurement and broader sustainability strategies.
The Bayer Global Procurement Regulation incorporates sustainability as a key area, and outlines how the Bayer Group procures and uses products and services and aims to integrate environmental and social considerations into our procurement policies and practices. We acknowledge that enhancing our environmental and social performance is a continuous process, with our suppliers playing a key role in our journey to becoming more sustainable.

Under the Global Procurement Regulation, the Bayer Group in Australia and New Zealand enact their Sustainable Procurement policy to consider how we procure products and services across all businesses. All Group Companies in Australia and New Zealand follow this policy when purchasing products or services from external sources.

Bayer sources its packaging materials from a wide variety of packaging suppliers both locally and internationally. In addition to verifying quality and environmental management practices, suppliers are asked to document corporate social responsibility (CSR) initiatives to create long term value for shareholders; employees and their families; and the communities in which they operate.

Bayer expects all of its suppliers to share the principles expressed in the Bayer Supplier Code of Conduct. Furthermore, suppliers must recognise Bayer's commitment to the Australian Packaging Covenant and commit to observe the Covenant in utilising, where appropriate, more sustainable packaging along with increasing recycling rates and reducing packaging waste.

In 2014, Bayer incorporated a variety of improvements to procurement practices, including updates to the Bayer Supplier Contract. Bayer continues to work with Procurement to identify where we can improve their efforts to assess suppliers’ sustainability credentials in addition to further integration of sustainability and procurement conditions in supplier contracts.

These principles demonstrate how Bayer assumes its responsibility concerning social, ecological and ethical standards and how Bayer Group companies put into practice the principles of sustainable development in their daily operations.

Bayer has a Sustainable Development Policy in place as well as the Global Procurement Regulation detailing its commitment to:

- Integrating environmental and social considerations into our procurement policies and practices;
- Encouraging suppliers to adopt practices that minimise environmental and social impacts;
- Minimising the negative impacts of goods and services across their life cycle;
- Ensuring all key supply chain staff are trained in sustainable supply practices to ensure effective implementation of our policy; and
- Ensuring we conduct our procurement processes in a manner that is ethical, fair and transparent, whilst respecting confidential information.

Part of our responsibility for utilising Bayer resources is to ensure that all of the products we produce, especially those we give away to our consumers and staff, fulfil and adhere to strict quality and risk guidelines.

**Action 1.1.1:** BCS will group all relevant products by business group and packaging used in a manner acceptable to APCO.

**Action 1.1.2:** BCS will review all existing product groupings against the Sustainable Packaging Guidelines by 31 July 2019.

**Action 1.1.3:** BCS will review all new packaging against the Sustainable Packaging Guidelines within six (6) months of their introduction.
**Action 1.1.4:** BCS will evaluate all product reviews completed by the Covenant product review teams and ensure that all necessary documentation for Covenant compliance, product reviews and supporting documentation is maintained in Australia with ready access to enable audits.

**Action 1.1.5:** BCS will maintain and, where opportunities are identified, increase opportunities for recycling within our operations.

**Action 1.1.6:** BCS will use the APCO Reporting Tool to submit our Annual Reports by 31 March of each year.

**Action 1.1.7:** BCS will post our Covenant Action Plan and PDF versions of our Annual Reports on the Australian version of our corporate website.

**Annual Report Question Q1.1/1:** Does your organisation have a packaging sustainability strategy that commits to using the Covenant Sustainable Packaging Guidelines (SPG) (or equivalent)?

Yes.

Bayer expects all of its suppliers to share the principles expressed in the Bayer Supplier Code of Conduct. Bayer has a Sustainable Development Policy in place as well as the Global Procurement Regulation. Bayer will continue to evaluate all new products against the completed group reviews to assess whether the SPG reviews for that are applicable. SPG reviews will be updated to reflect new products that conform to those reviews. New SPG assessments will be conducted for new products that do not conform to existing reviews.

**Annual Report Question Q1.1/2:** Is the packaging sustainability strategy integrated into business processes?

Yes.

In 2014, Bayer incorporated a variety of improvements to procurement practices, including updates to the Bayer Supplier Contract. Bayer continues to work with Procurement to identify where we can improve their efforts to assess suppliers’ sustainability credentials in addition to further integration of sustainability and procurement conditions in supplier contracts.

These principles demonstrate how Bayer assumes its responsibility concerning social, ecological and ethical standards and how Bayer Group companies put into practice the principles of sustainable development in their daily operations.

**Annual Report Question Q1.1/3:** Is your packaging sustainability strategy integrated in a quality system for continuous improvement?

No.

**Annual Report Question Q1.1/4:** Does the packaging sustainability strategy include specific, measureable and time-based targets for packaging sustainability?

No.

**Annual Report Question Q1.1/5:** Does your organisation publicly report on progress against your packaging sustainability targets?
Yes. It is BCS’s intention to post our Covenant Action Plan and subsequent Annual Reports on the Australian version of our corporate website, in a similar way to Bayer Australia.

**Annual Report Question Q1.1/6: Please provide any other supporting material for this criteria.**

See start of this section.

### 1.2 Closed loop collaboration (core)

**Committed Performance Level: 1**

Regulatory considerations to protect human health and safety, coupled with a decentralised, outsourced distribution model, preclude closed loop reuse options for a range of BCS’s primary and secondary packaging. Reuse and recycling programs for appropriate products are detailed in section 2.4.

BCS use Bayer-owned and -operated warehousing at the Pinkenba site in Queensland and the Kwinana site in Western Australia. BCS also use Booths transport and warehouse facilities for most of its transport and external warehousing. The Kwinana plant is being divested in 2019, so another warehouse will be needed and we are currently tendering for a new national logistics service provider/s that can accommodate both our East Coast and West Coast operations.

**Action 1.2.1:** BCS will continue to encourage reuse of our product-specific intermediate bulk containers (IBCs) and related reusable packaging where appropriate.

**Action 1.2.2:** BCS will organise and schedule regular meetings with our logistics service providers to confirm existing recycling, waste management and other environmental management practices.

**Action 1.2.3:** BCS will organise and schedule regular meetings with our logistics service providers to identify continuous improvement projects, and provide assistance to implement.

**Annual Report Question Q1.2/1: Have you investigated options for joining or starting a collaborative closed loop initiative?**

This issue will be addressed as BCS implements our new Action Plan and Covenant commitments.

**Annual Report Question Q1.2/2a: Have you joined at least one existing initiative or worked with others to set up at least one closed loop initiative or program?**

This issue will be addressed as BCS implements our new Action Plan and Covenant commitments.

**Annual Report Question Q1.2/2b: How many initiatives or programs have you joined?**

This issue will be addressed as BCS implements our new Action Plan and Covenant commitments.

**Annual Report Question Q1.2/3: Is data being collected to monitor the outcomes of these collaborative closed loop initiatives or programs?**

This issue will be addressed as BCS implements our new Action Plan and Covenant commitments.

**Annual Report Question Q1.2/4: Have you joined or worked with others to set up any closed loop collaborative initiatives or programs that can demonstrate tangible (quantitative) outcomes?**

This issue will be addressed as BCS implements our new Action Plan and Covenant commitments.
Annual Report Question Q1.2/5: Is there a formal process in place to continually identify new opportunities for collaboration on closed loop initiatives or to improve existing initiatives or programs?

This issue will be addressed as BCS implements our new Action Plan and Covenant commitments.

Annual Report Question Q1.2/6: Please provide any other supporting material for this criteria.

None provided.

1.3 Consumer engagement (recommended)

Committed Performance Level: 0

As a signatory to the Covenant since 2001, Bayer is committed to evaluating packaging solutions that assist in minimising the effects of packaging on the environment. Packaging plays an important role for Bayer and our customers, ensuring quality, safety and security of products, communicating information to the user and enhancing shelf life. Packaging quality and performance are governed by the Australian laws under which the majority of BCS's products are controlled.

There are four areas of documentation that must be supplied by any of Bayer’s promotional/premium goods suppliers, in alignment with: The Bayer Global COMPASS Program for Supplier Selection, Directive 2067: Procurement: Sustainability and Directive 1934: Sustainable Development. The minimum criteria for Australian and New Zealand products is below:

- **Sustainability and Carbon Offset documentation**: must show carbon neutral trading certification as a bare minimum, this must include a carbon profile for the promotional items manufacturing and freight.
- **Ethical Sourcing**: must be able to provide global or reputable accreditation of ethical sourcing though CIPS, SEDEX, SQFI or similar – Eco-Vadis is preferred and is the Bayer partner.
- **Product Audit and Reporting Profile**: This report must show a pass for all aspects of the manufacture process, also called a conformity report. This report will cover manufacture pass, packaging pass, workmanship, materials, labelling. This report is very specific and is a final audit report carried out by an independent company prior to the products being released for shipping.

These are the minimum criteria for any and every promotional item that Bayer procures or purchases.

Annual Report Question Q1.3/1: Do you wish to report against this recommended criteria for the current reporting period?

No.

Annual Report Question Q1.3/2: Do you provide consumers with any information on the sustainability of your packaging?

Not relevant. Not reporting against this criterion.

Annual Report Question Q1.3/3: Does any of your packaging include on-pack claims or labels on packaging sustainability (excluding disposal/recycling claims and labels)?
Not relevant. Not reporting against this criterion.

**Annual Report Question Q1.3/4:** How many <BASELINE> put on the market over the reporting period have packaging labelling that encourages active consumer engagement in packaging sustainability? How accurate is this number?

Not relevant. Not reporting against this criterion.

**Annual Report Question Q1.3/5:** Does your company actively engage consumers through packaging design, to reduce impacts of consumption?

Not relevant. Not reporting against this criterion.

**Annual Report Question Q1.3/6:** Does your organisation support on-pack sustainability education with marketing campaigns?

Not relevant. Not reporting against this criterion.

**Annual Report Question Q1.3/7:** Please provide any other supporting material for this criteria.

None provided.

### 1.4 Industry leadership (recommended)

**Committed Performance Level: 2**

Being a founding member of the United Nations Global Compact, Bayer places great worth on the sustainable development of an ethically and legally responsible business relationship.

Sustainable development forms an integral part of Bayer’s global corporate policy, which is geared toward long-term success and high-quality solutions. In the long term, business success is ensured if social needs and environmental aspects are taken into account as well as economic considerations.

Bayer’s Global Sustainability Goals are shown in Error! Reference source not found..
**Structure of Sustainability Management**

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<th>Sustainability management</th>
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<tr>
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<td>2. Corporate Health, Safety &amp; Sustainability function</td>
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<td>3. Sustainable Development Committee</td>
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<td>4. Employee relations &amp; development</td>
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<td>7. Safety</td>
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<td>8. Environmental protection / resource efficiency</td>
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<td>10. Stakeholder engagement / partnering</td>
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<td><strong>Steering, measurement and documentation</strong></td>
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<td>1. Corporate policies on, for example,</td>
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<td>8. Opportunity and risk management</td>
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<td>9. Integrated Annual Report with independent auditing</td>
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Legal requirements such as the CSR Implementation Directive and initiatives such as WBCSD, GRI, UNGC and Responsible Care

**Figure 1: Structure of Bayer’s Sustainability Management**

Bayer acts sustainably through our commitment to the U.N. Global Compact and the Responsible Care™ initiative, as well as through our involvement in the World Business Council for Sustainable Development (WBCSD). In our sustainability reporting we have followed the guidelines of the Global Reporting Initiative (GRI) for many years. Additionally, Bayer is an active supporter of the UN WASH initiative (water, sanitation and hygiene) and local assessments for each site have been undertaken. Bayer is a member of Keep NSW Beautiful.


**Annual Report Question Q1.4/1:** Do you wish to report against this recommended criteria for the current reporting period?

No.

**Annual Report Question Q1.4/2:** Have you led or initiated any packaging sustainability initiative(s)?

Not relevant. Not reporting against this criterion.

**Annual Report Question Q1.4/3a:** Do you work collaboratively with other organisations or customers to improve sustainability outcomes?

Not relevant. Not reporting against this criterion.

**Annual Report Question Q1.4/3b:** How many initiatives do you lead or actively contribute to?

Not relevant. Not reporting against this criterion.
Annual Report Question Q1.4/4a: Has your organisation received external recognition for its contribution to packaging sustainability within your chosen reporting period?

Not relevant. Not reporting against this criterion.

Annual Report Question Q1.4/4b: How many times did your organisation receive external recognition for its contribution to packaging sustainability within your chosen reporting period?

Not relevant. Not reporting against this criterion.

Annual Report Question Q1.4/5: Are you actively engaging with peers to promote packaging sustainability and share sustainability knowledge for non-commercial purposes?

Not relevant. Not reporting against this criterion.

Annual Report Question Q1.4/6: Please provide any other supporting material for this criteria.

None provided.

2. Outcomes

2.1 Packaging design and procurement (core)

Committed Performance Level: 5

Due to the nature of Bayer’s products and their packaging, reassessment and packaging redesign are rarely pursued, which limits greater incorporation of the Covenant’s Sustainable Packaging Guidelines (SPG).

There are several specific limitations faced by Bayer that include:

- most packaging has already been optimised to protect the product and its characteristics;
- most product category and packaging decisions are made from our global headquarters in Germany;
- virtually all of BCS’s products must be registered with the Australian Pesticides and Veterinary Medicines Authority (APVMA), which places strict requirements on packaging and label design, quality and performance.

As a result, few packaging changes are likely and where possible Bayer tends to utilise existing packaging types for new products.

Under Australian law, the vast majority of BCS’s products must be registered with the APVMA, which places strict limits upon packaging, design, quality, performance and labelling. The registration process helps ensure that the product is safe and will work when used according to the registered label. There is a self-assessment tool on the AVPMA website that assists brand owners to determine whether or not a product requires registration (https://apvma.gov.au/node/84).

The SPG assessment criteria will be applied as new products are developed where BCS can exert some influence over the packaging.

Outsourcing our distribution means that BCS has limited control over activities at distribution centres. That said, a variety of recycling practices are already in place at the distribution centres for cardboard, plastic and office paper.
The packaging types that are used by BCS and will form the basis for our SPG groupings are provided in Table 1. These groupings focus on key features such as packaging material type and recycling or management options available for principal materials. Items such as paper/plastic product labels, fibreboard pallet pads and plastic caps and/or tags apply across multiple categories and will be evaluated in the SPG reviews.

**Table 1: BCS Product Packaging Groupings**

<table>
<thead>
<tr>
<th>Product Groupings</th>
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<tr>
<td>1. High density polyethylene (HDPE) intermediate bulk container (IBC) and steel frame</td>
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<tr>
<td>2. HDPE bottle, HDPE cap, fibreboard pallet pad, fibreboard carton</td>
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<tr>
<td>3. HDPE drum, metal cap, fibreboard pallet pad, wood pallet</td>
</tr>
<tr>
<td>4. Plastic bag, fibreboard pallet pad, fibreboard carton, metal tamper-evident ring</td>
</tr>
<tr>
<td>5. Steel drum, steel cap, fibreboard pallet pad</td>
</tr>
<tr>
<td>6. HDPE dustcover, steel seal wire, fibreboard pallet pad</td>
</tr>
<tr>
<td>7. HDPE IBC, steel frame, steel seal wire, fibreboard pallet pad, plastic tag(s), HDPE dip tube</td>
</tr>
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*List valid at the time this Annual Report was prepared*

Our response to Outcome 1.1 details how sustainability, including our packaging sustainability strategy, is addressed primarily through Bayer’s stringent procurement practices. The Bayer Global Procurement Regulation incorporates Sustainability as a key area, and this specifically includes packaging sustainability considerations.

All Bayer Group Companies in Australia and New Zealand follow the Sustainable Procurement policy when purchasing products or services from external sources. In addition, the top 100 vendors will be subject to a vendor verification assessment which includes safety and sustainability considerations.


Bayer continues to work with Procurement to identify where we can improve their efforts to assess suppliers’ sustainability credentials and to further integrate sustainability and procurement conditions in supplier contracts.

Bayer’s Sustainable Development Policy and Global Procurement Regulation detail many of Bayer’s commitments.

Part of our responsibility for utilising Bayer resources is to ensure that all of the products we produce, especially those we give away to our consumers and staff, fulfil and adhere to strict quality and risk guidelines.

Procurement have, in most areas of our business, implemented either a process or panel of suppliers who fulfil this process so that the onus, time and responsibility is lifted from our staff. On the rare occasion or in remote areas access to such suppliers may not be possible and the responsibility for assessing and providing a risk profile falls upon our staff.
This is to ensure that all suppliers adhere to the Bayer Supplier Code of Conduct which can be found at http://www.bayer.com.au/static/documents/SupplierCodeOfConduct.pdf.

Action 2.1.1 (consistent with Action 1.1.2): BCS will review all existing product groupings against the Sustainable Packaging Guidelines by 31 July 2019.

Action 2.1.2 (consistent with Action 1.1.3): BCS will review all new packaging against the Sustainable Packaging Guidelines within six (6) months of their introduction.

Annual Report Question Q2.1/1: Do you have a documented procedure on using the Sustainable Packaging Guidelines (SPG) or equivalent to evaluate and improve packaging?

Yes.

The Bayer Global Procurement Regulation incorporates Sustainability as a key area and this outlines how the Bayer Group procures and uses products and services and aims to integrate environmental and social considerations into our procurement policies and practices. We acknowledge that enhancing our environmental and social performance is a continuous process with our suppliers playing a key role in our journey to becoming more sustainable. Under the Global Procurement Regulation, the Bayer Group in Australia and New Zealand will enact their Sustainable Procurement policy to consider how we procure products and services across all businesses.

Annual Report Question Q2.1/2: How many <BASELINE> put on the market over the reporting period have had their packaging reviewed using the SPG or equivalent to consider sustainability criteria? How accurate is this number?

This issue will be addressed as BCS implements our new Action Plan and Covenant commitments.

Annual Report Question Q2.1/3: How many <BASELINE> put on the market over the reporting period used Life Cycle Assessment (LCA) or a similar life cycle tool to consider sustainability? How accurate is this number?

This issue will be addressed as BCS implements our new Action Plan and Covenant commitments.

Annual Report Question Q2.1/4: Please provide any other supporting material for this criteria.

None provided.

2.2 Packaging materials efficiency (core)

Committed Performance Level: 4

All Bayer packaging has been optimised given specific product needs, consumer needs and regulatory considerations. These have been the overriding considerations.

BCS has little direct control over packaging for most product categories due to them being imported from various Bayer sites globally, predominantly Germany, China and Indonesia, or due to registration requirements given the nature of the product. There is some degree of packaging control within the formulation of the Crop Science products from the Pinkenba site and this will be determined in future reports.
Annual Report Question Q2.2/1: Has your organisation developed a plan, or are you investigating opportunities, to optimise the quantity of material used for packaging?

Yes.

All Bayer packaging has been optimised given specific product needs, consumer needs and regulatory considerations. Significant changes are therefore not likely.

Annual Report Question Q2.2/2: How many <BASELINE> put on the market over the reporting period have achieved a reduction in material weight or have been optimised for material efficiency? How accurate is this number?

This issue will be addressed as BCS implements our new Action Plan and Covenant commitments.

Annual Report Question Q2.2/3: How many <BASELINE> put on the market over the reporting period have been optimised for the material efficiency of their packaging, with supporting evidence of the methodology used to evaluate optimisation? How accurate is this number?

This issue will be addressed as BCS implements our new Action Plan and Covenant commitments.

Annual Report Question Q2.2/4: Please provide any other supporting material for this criteria.

None provided.

2.3 Recycled and renewable materials (core)

Committed Performance Level: 4

Bayer’s global policies and practices, as detailed previously, ensure that this measure is applied across all Bayer products and supplier arrangements, including those utilised by BCS.

Action 2.3.1: Bayer will maintain and, where opportunities are identified, increase the volume of recycled content purchased.

Annual Report Question Q2.3/1: Has your organisation developed a plan, or are you investigating opportunities, to optimise the quantity of materials in your packaging that are renewable and/or contain recycled content?

Yes.

Bayer expects all of its suppliers to share the principles expressed in the Bayer Supplier Code of Conduct. These principles include recycling and material reutilisation. Due to the large extent of sourcing from overseas suppliers and the uncertainties and costs associated with verifying their activities to an appropriate level for public reporting, Bayer does not track particular packaging measures, including the volume of recycled content purchased. However, Bayer will conduct investigations with larger suppliers under the new Global Procurement Policy to ascertain their commitment to recycling when considering contracts with them.

Annual Report Question Q2.3/2: How many <BASELINE METRIC> put on the market over the reporting period have packaging that incorporate some recycled or renewable material content, or have packaging that has been optimised for recycled or renewable content? How accurate are these numbers?
This issue will be addressed as BCS implements our new Action Plan and Covenant commitments.

**Annual Report Question Q2.3/3:** How many <BASELINE METRIC> put on the market over the reporting period have packaging that has been optimised for recycled or renewable content? How accurate are these numbers?

Due to the large extent of sourcing from overseas suppliers and the uncertainties and costs associated with verifying their activities to an appropriate level for public reporting, Bayer does not track particular packaging measures such as these.

**Annual Report Question Q2.3/4:** Please provide any other supporting material for this criteria.

None provided.

### 2.4 Post-consumer recovery (recommended)

**Committed Performance Level: 4**

Post-consumer recovery of BCS packaging occurs primarily through the voluntary drumMUSTER program, which helps to manage and dispose of empty ‘agvet’ chemical containers across rural and urban Australia. Under drumMUSTER, which is administered by CropLife Australia for AgStewardship Australia, a voluntary levy of $0.04 per litre or kilogram is applied to crop production and animal health products used for:

- agricultural and livestock production
- industrial and recreational pest and weed control
- forestry
- household pest control operations
- similar activities conducted by government authorities.

A drumMUSTER logo is indicated on products that have paid the levy. drumMUSTER collects eligible non-returnable metal or plastic containers above one litre/kilogram and up to 205 litre/kilogram in declared content. All drumMUSTER containers must be appropriately rinsed prior to collection in order to safely manage chemical residues and to reduce contamination.

37 of BCS’s products in 1000 L IBCs utilise the Schutz Australia national recycling system. The Schutz system involves a ticket service where resellers or end-users register their empty Schutz containers for collection and reconditioning. When an IBC is empty and returned by the grower, stores contact Schutz to arrange a collection. All return freight is covered by Schutz. These stores must have a minimum of 4 IBCs on hand, and Schutz will collect from distributors within 10 working days of booking the collection. Empty containers do not require rinsing, however some conditions apply as indicated on the label plate of the IBC or the Schutz website.

Schutz also has a collection program for some 100-120 L drums used by growers for a minimum of 10 drums. Two of BCS’s products in 60 L drums and 8 of our products in 100 L drums are collected, cleaned and recycled under this separate Schutz system.

**Action 2.4.1:** Bayer will continue to support post-consumer recovery of its product packaging through the Schutz, drumMUSTER and other reuse or recycling systems as appropriate.
Annual Report Question Q2.4/1: Has your organisation developed a plan, or are you investigating opportunities, to increase or optimise the recoverability of packaging?

Yes.

Bayer was a founding member of drumMUSTERMUSTER and BCS will continue to actively participate in the development of reuse and recycling programs.

Annual Report Question Q2.4/2: How many <BASELINE METRIC> put on the market over the reporting period have packaging that can be recovered through existing post-consumer recovery systems? How accurate is this number?

This issue will be addressed as BCS implements our new Action Plan and Covenant commitments.

Annual Report Question Q2.4/3: How many <BASELINE METRIC> put on the market over the reporting period have packaging that can be recovered through existing post-consumer recovery systems that achieve highest potential environmental value? How accurate are these numbers?

This issue will be addressed as BCS implements our new Action Plan and Covenant commitments.

Annual Report Question Q2.4/4: Please provide any other supporting material for this criteria.

None provided.

2.5 Consumer labelling (recommended)

Committed Performance Level: 1

As noted, Bayer has a significant commitment to appropriate consumer labelling and that this has been optimised across Bayer products, while recognising significant regulatory restrictions. Wherever there is a requirement to review labels from a regulatory perspective, Bayer will take the opportunity to incorporate recycling information if applicable.

Annual Report Question Q2.5/1: Is your organisation reporting against this recommended criteria this year?

Yes.

Annual Report Question Q2.5/2: Has your organisation developed a plan, or are you investigating opportunities, to improve on-pack consumer labelling for disposal or recycling?

No.

Annual Report Question Q2.5/3: How many <BASELINE METRIC> put on the market over the reporting period have packaging labelled for disposal or recovery? How accurate is this number?

This issue will be addressed as BCS implements our new Action Plan and Covenant commitments. All BCS products covered by drumMUSTERMUSTER have appropriate labeling for their participation in the program.
Annual Report Question Q2.5/4: Annual Report Question Q2.5/3: How many <BASELINE METRIC> put on the market over the reporting period have product packaging labelled for disposal or recovery in compliance with AS/NZS ISO 14021 (a standard for self-declared environmental claims)? How accurate is this number?

This issue will be addressed as BCS implements our new Action Plan and Covenant commitments.

Annual Report Question Q2.5/5: Please provide any other supporting material for this criteria.

None provided.

2.6 Product packaging innovation (recommended)

Committed Performance Level: N/A

BCS does not wish to report against this in our Action Plan, given usage and regulatory limitations on product packaging innovation, and therefore will not address the issue in this Annual Report.

Annual Report Question Q2.6/1: Do you wish to report against this recommended criteria for the current reporting period?

No.

Annual Report Question Q2.6/2: Has your organisation developed a plan, or are you investigating opportunities, to review whole product-packaging systems to improve packaging sustainability?

Not relevant. Not reporting against this criterion.

Annual Report Question Q2.6/3: Does your organisation have a documented procedure in place to evaluate the sustainability of whole product-packaging systems?

Not relevant. Not reporting against this criterion.

Annual Report Question Q2.6/4: Do you report on product-packaging systems that have been evaluated using Life Cycle Assessment (LCA)?

Not relevant. Not reporting against this criterion.

Annual Report Question Q2.6/5: How many <BASELINE > put on the market over the reporting period have been evaluated using Life Cycle Assessment (LCA) and have had packaging optimised? How accurate is this number?

Not relevant. Not reporting against this criterion.

Annual Report Question Q2.6/6: Please provide any other supporting material for this criteria.

None provided.
3. Operations

3.1 Business to business packaging (core)

Committed Performance Level: 2

The inclusion of business to business (B2B) packaging in this latest iteration of the Covenant represents a departure from the scope of packaging previously addressed in Bayer’s Covenant Action Plans and Annual Reports. In addition, Bayer’s acquisition of Monsanto will have an impact on the scope of Bayer’s packaging to be addressed.

Annual Report Question Q3.1/1: Has your organisation developed a plan, or are you investigating opportunities, to reduce single use business-to-business packaging going from your sites and facilities to customers (e.g. manufacturers or retailers)?

No.

Annual Report Question Q3.1/2a: Are you collecting data on the amount of business-to-business packaging you provide to customers that is single-use?

No.

Annual Report Question Q3.1/2b: How many tonnes of single-use business-to-business packaging did you send to customers during your chosen reporting period? How accurate is this number?

Not relevant. Not reporting against this criterion.

Annual Report Question Q3.1/2c: How many tonnes of single-use business-to-business packaging did you send to customers during the previous reporting period? How accurate is this number?

Not relevant. Not reporting against this criterion.

Annual Report Question Q3.1/3a: Do you have a continuous process in place to monitor and collect data on the amount of business-to-business packaging that has been optimised for material efficiency and reuse (i.e. no further improvements in efficiency or reuse are possible at the present time)?

No.

Annual Report Question Q3.1/3b: What percentage of business-to-business packaging has been optimised (e.g. no further improvements are possible)? How accurate is this number?

Not relevant. Not reporting against this criterion.

Annual Report Question Q3.1/4: Please provide any other supporting material for this criteria.

None provided.

3.2 On-site waste diversion (recommended)

Committed Performance Level: 3
All of Bayer’s distribution within Australia is outsourced. BCS uses its own warehousing at our Pinkenba site in Queensland and our Kwinana site in Western Australia. BCS also use Booths transport and warehouse facilities for most of our transport and external warehousing. The Kwinana plant is being divested in 2019, so another warehouse will be needed and a new national logistics service provider/s will be determined that can accommodate both our East Coast and West Coast operations.

BCS headquarters offers commingled recycling to staff covering paper, cardboard, plastic and metal recycling through Veolia. Collections for recycling of waste toner cartridges and e-waste are also available.

Under Bayer Group requirements, sites without any production, research and development or warehousing activity are required to develop and implement a waste management concept and associated procedures. A waste management concept was adopted in August 2012 to bring the Bayer Australia and New Zealand non-production sites in line with these ongoing requirements. This includes the Hawthorn office Bayer Crop Science site. The waste management concept specifies explicit disposal procedures for the following items:

- Hazardous substances
- Sharps disposal
- Spills
- Office waste
- Grease trap waste

The following hierarchy applies as a priority order in waste management:

- Waste prevention is practiced as far as reasonably practicable.
- Waste that is generated despite waste prevention measures is recovered or recycled to substitute primary material or energy resources as far as reasonably practicable.
- Residual waste that remains after taking into consideration all options for preventing or recovering waste is disposed of in an environmentally compatible manner and according to legal requirements and operating permits.

**Action 3.2.1:** BCS will verify recycling and waste management practices within our external service providers’ operations.

**Action 3.2.2:** BCS will coordinate with our external service providers to investigate development of a reliable methodology to apportion waste generate and recycling activity specifically resulting from BCS at relevant service provider distribution facilities.

**Annual Report Question Q3.2/1:** Do you wish to report against this recommended criteria for the current reporting period?

No.

**Annual Report Question Q3.2/2:** Do you collect data on the quantity of solid waste generated at your sites and facilities and the quantity or percentage of solid waste recovered?

No.

**Annual Report Question Q3.2/3a:** If your answer is "yes" to Q3.2/2, then you will be prompted to answer Q3.2/3a, Q3.2/4 and Q3.2/5. If your answer is "no", please go to Q3.2/3b.
How much solid waste did you generate at your sites and facilities over your chosen reporting period? (tonnes). How accurate is this number?

Not relevant. Not reporting against this criterion.

Annual Report Question Q3.2/3b: If your answer is "no" to Q3.2/2 then you will be prompted to answer Q3.2/3b.

Can you estimate what percentage of on-site solid waste you reused, recycled, composted or sent to an energy-from-waste facility during your chosen reporting period? How accurate is this number?

No.

Annual Report Question Q3.2/4: How much on-site solid waste did you reuse, recycle, compost or send to an energy-from-waste facility during your chosen reporting period? (tonnes) How accurate is this number?

Not relevant. Not reporting against this criterion.

Annual Report Question Q3.2/5: If your waste is calculated as being 100% recovered, you will be prompted to answer the following question:

You have reported that 100% of your solid waste is being recovered. Have you investigated these recovery system to ensure that they achieve highest potential environmental value of all the options available at the present time?

Not relevant. Not reporting against this criterion.

Annual Report Question Q3.2/6: Please provide any other supporting material for this criteria.

None provided.

3.3 Supply chain influence (recommended)

Committed Performance Level: 4

Through the Global Procurement Regulation, the Bayer Group implements our Sustainable Procurement policy throughout the supply chain, as all group companies follow this policy when purchasing products or services.

Action 3.3.1: Bayer will maintain and, where opportunities are identified, increase opportunities for recycling within our suppliers’ operations.

Annual Report Question Q3.3/1: Do you wish to report against this recommended criteria for the current reporting period?

No.

Annual Report Question Q3.3/2: Does your organisation communicate your packaging sustainability goals and packaging guidelines to the majority of tier 1 suppliers and downstream customers (for business-to-business organisations)?

Not relevant. Not reporting against this criterion.
Annual Report Question Q3.3/3: Does your organisation provide support to tier 1 suppliers and customers to improve their understanding of packaging sustainability goals and strategies?

Not relevant. Not reporting against this criterion.

Annual Report Question Q3.3/4: Does your organisation collaborate with tier 1 suppliers and customers to share knowledge and improve packaging sustainability?

Not relevant. Not reporting against this criterion.

Annual Report Question Q3.3/5: Does your organisation have processes in place to evaluate supply chain risks and opportunities for influence throughout the entire supply chain (tier 1 and below)?

Not relevant. Not reporting against this criterion.

Annual Report Question Q3.3/6: Does your organisation have processes in place to monitor and track compliance with key packaging sustainability requirements throughout the entire supply chain (full traceability)?

Not relevant. Not reporting against this criterion.

Annual Report Question Q3.3/7: Please provide any other supporting material for this criteria.

Not relevant. Not reporting against this criterion.

4. Packaging Metrics

Due to the large extent of sourcing from overseas suppliers and the uncertainties and costs associated with verifying their activities to an appropriate level for public reporting, Bayer does not track particular packaging measures in detail.

Recognising that reporting these metrics is now mandatory, Bayer will report indicative figures confidentially in future Annual Reports, but we note that confidence in the accuracy of those figures is extremely low.

5.0 Covenant Contact Officer

Kate Walker
Health, Safety and Environment Manager
Australia and New Zealand
Phone: +61 2 9391 6237
Email: kate.walker@bayer.com

6.0 Senior Management Endorsement

Mr Jens Schedler, as Chief Financial Officer, endorses this Annual Report and progress towards the commitments contained in our Action Plan.

Jens Schedler
Director