

ENGAGEMENT FACTSHEET

Bayer AG

ENGAGEMENT RATIONALE

With the acquisition of Monsanto in August 2018, Bayer became the largest crop protection manufacturer in the world. The company inherited several significant controversies in the field of GMO from its acquisition of Monsanto, leading to a Fail by UN Global Compact.

BACKGROUND

Upon completion of the Monsanto acquisition in August 2018 we indicated to the company that we wanted to discuss their policy regarding safe and responsible use of their products with a focus on GMO products and pesticides.

THEMES FOR ENGAGEMENT

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ENGAGEMENT OBJECTIVES

We want Bayer to take more responsibility for their role in sustainable use of GMO and related products. Both towards people and nature. We set 5 concrete goals;

1. Bayer has to recognise that it has the responsibility to ensure its products are used in a responsible way
2. It has to adjust their Product Stewardship Policy and the Product Stewardship Program to reflect the new products acquired from Monsanto
3. We want to have clear evidence that Bayer takes action when products are not used as intended
4. We want to make sure there are processes in place that all clients of Bayer receive adequate training before they can use Bayer's products
5. We want the company to have a clear policy in case there is evidence that certain clients use their products irresponsibly.

DEVELOPMENT



MILESTONE



ENGAGEMENT RESULTS

- × Between August 2018 and March 2019 we had several discussions with Bayer to hear more about their approach and to get more evidence of their ESG policies & product stewardship and their implementation. After initial contact we felt the discussion had not yielding sufficient outcomes. We escalated our engagement and have reached out to our peers to learn more about their engagement with the company. After sending a formal letter we had the opportunity to speak with senior management of Bayer Crop Science division in May 2019. During that call we were able to get better insights and receive more responses to our questions. However, the information that we received in writing was quite high level and not sufficiently specific and it was not sufficient to mitigate our concerns. In June, 2019 the ESG Council of Kempen reviewed all the information that we received so far from the company and decided to put Bayer on the avoidance list due to the lack of progress on the engagement.

SDG



COMPANY

Bayer is based in Leverkusen, Germany and produces and sells healthcare and agricultural products

COUNTRY

Germany

SECTOR

Healthcare & Chemicals

MARKET CAP

Large cap - €55bn

ISSUE

Bayer employs controversial practices around the application of GMO. Their crop protection products are said to have a severe impact on biodiversity, human health and natural pollinators.

MATERIALITY

The issues are considered to be serious, structural and widespread. The crop protection business is a relatively minor part of the total business of Bayer.

MSCI ESG RESEARCH

UN Global Compact: Fail
ESG Rating: BB