

AUSTRALIAN PACKAGING COVENANT
Annual Report
For
Bayer Australia Ltd



1 January 2021 to 31 December 2021

RESTRICTED

1.0 Company Information

Bayer is a life sciences company and a global leader in healthcare and nutrition. In line with our vision “Health for all, hunger for none”, we are working to put an end to world hunger and help everyone lead a healthy life, whilst also protecting and sustaining our ecosystems. We aspire to achieve this vision, guided by our purpose “Science for a better life”.

Growth and sustainability are integral parts of our strategy. This includes minimizing environmental impact throughout the entire value chain, including product value chains. For this reason, sustainability is including in our product innovation process (“sustainability by design”).

Bayer in Australia

Bayer has been operating in Australia since 1925. Our divisions are active in crop science, pharmaceuticals and radiology, and consumer health. For over 80 years, our company has been delivering research and development and production. Today, we employ over 800 people across seven sites in Australia.

Bayer Australia Limited (hereby referred to as Bayer Australia) has been a Covenant signatory since 2001 and is a fully owned subsidiary of Bayer AG based in Leverkusen, Germany. For the purposes of this report, the global parent company is referred to as Bayer AG.

This report excludes other legal entities in the Bayer Group in Australia and New Zealand, namely Bayer CropScience (see separate report) and Bayer New Zealand (out of scope for APCO).

2.0 Company Brands

Bayer Australia is a brand owner and retailer under the Covenant, accounting for approximately 130 brands. Major brands are provided below by business group.

2.1 Pharmaceuticals

The Pharmaceuticals division is concentrated on prescription products cardiology, women’s healthcare, and on specialty therapeutics:

- in the areas of oncology, haematology, and ophthalmology. The division also includes a radiology business which includes local production (Rydalmere, NSW) and
- Supplies contrast-enhanced diagnostic equipment, and the necessary contrast agents.

Bayer prescription products are primarily sold through wholesalers, pharmacies and hospitals.

Radiology products fall into two main categories, contrast media for use in medical investigations and contrast media injection systems. There are eight different types of contrast media injection systems and two of these are manufactured in Australia, MEDRAD Centargo and MEDRAD Salient. There are four contrast media products: Gadovist, Magnevist, Primovist, and Ultravist, which are all imported.

2.2 Consumer Health

Our Consumer Health division is a major supplier of non-prescription medicines, nutritional supplements, medicated skincare products and other self-care products for areas such as maternal health, dermatology, digestive health, immunity and allergy treatment. In Australia these packaged products are sold through pharmacies, supermarkets, online and through wholesale groups operating in Australia. Brand names include Berocca®, Canesten®, Bepanthen®, Clarytine® and Elevit®.

3.0 Period Covered

This Annual Report covers the period 1 January 2021 to 31 December 2021, inclusive. Bayer AG's Annual Report is also prepared to 31 December, therefore aligning our Covenant reporting with the calendar year provides greater consistency.

4.0 Outcomes Achieved

Outcomes are grouped under the appropriate Covenant approaches. The List of 2022 APCO Annual Report Questions (last updated 9 December 2021) has been used to frame responses; a number of questions have therefore been modified from the previous lists of questions.

Criteria 1: Governance & Strategy

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.

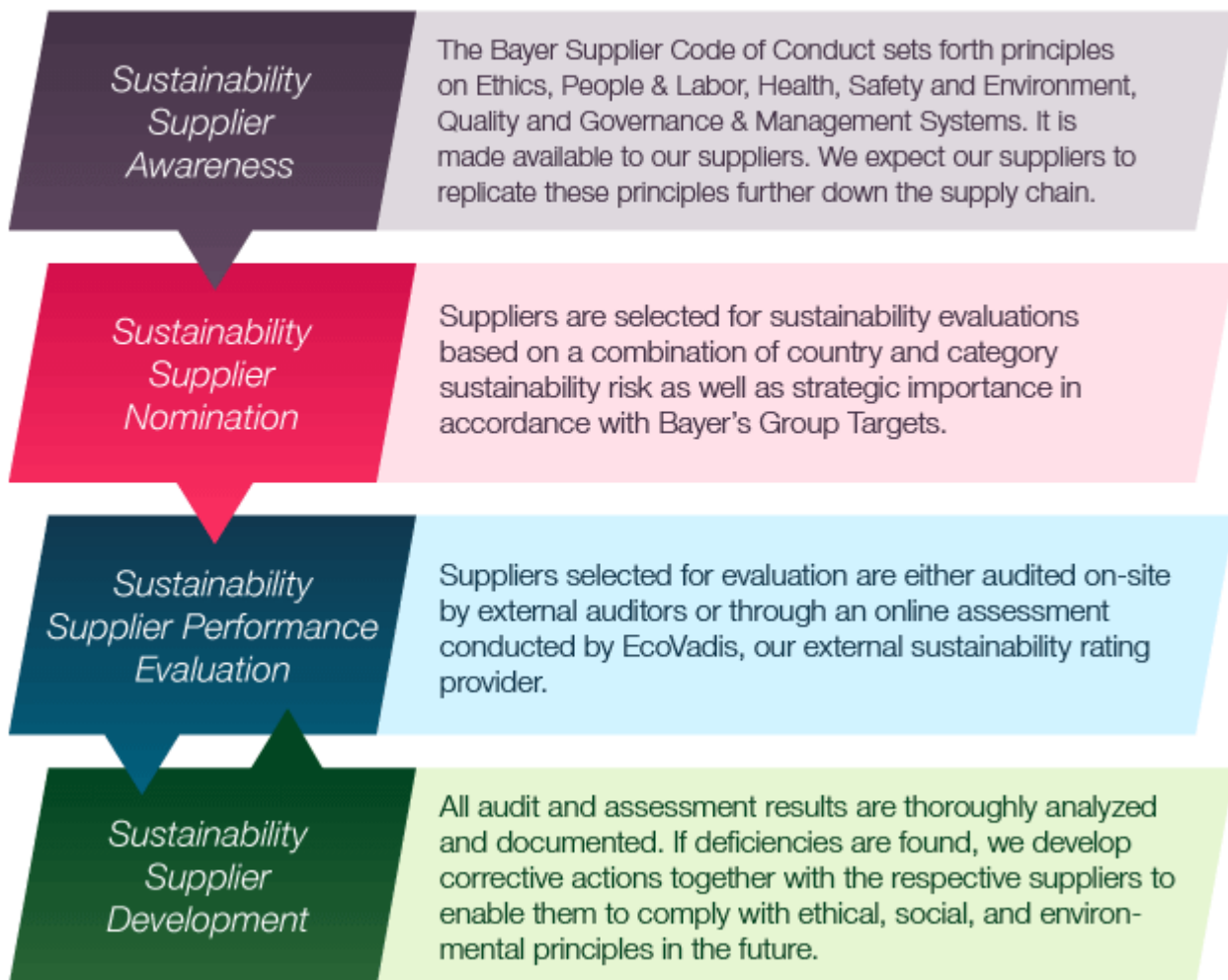
The Bayer AG [Corporate Compliance policy](#) incorporates sustainability as a key area, which outlines how the Bayer Group procures and uses products and services and aims to integrate environmental and social considerations into our procurement policies and practices. We acknowledge that enhancing our environmental and social performance is a continuous process, with our suppliers playing a key role in our journey to becoming more sustainable.

Baye AG expects all suppliers to share the principles expressed in the [Bayer Supplier Code of Conduct](#). 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 AG has a [Sustainable Development Policy](#) 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 procurement processes are conducted in a manner that is ethical, fair and transparent, whilst respecting confidential information.

To improve sustainability practices within the supply chain we follow a 4-step management process:



Part of our responsibility as a global manufacturer is to ensure that all products produced fulfil and adhere to strict quality and risk guidelines.

Company sustainability actions and achievements are outlined in detail in the global [Bayer Sustainability Report 2021](#).

Annual Report Question 1.1.a: Does your organisation have a documented strategy that includes goals (objectives) and targets for packaging sustainability that addresses the Sustainable Packaging Guidelines (SPG) (or equivalent)?

Yes.

Bayer AG expects all suppliers to share the principles expressed in the [Bayer Supplier Code of Conduct](#). In Australia, 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 1.1.b Does your organisation's strategy include a commitment to achieving the 2025 National Packaging Targets?

Our company is focused on achieving the 2030 target.

Annual Report Question 1.1.c Is this strategy integrated within your business processes and has it been approved by an executive or board of directors?

Yes.

The Global Procurement function works to identify where improvements may be made to assess suppliers' sustainability credentials in addition to further integration of sustainability and procurement conditions in supplier contracts.

Annual Report Question 1.2 Do you regularly communicate and promote packaging sustainability objectives and targets within your organisation?

Bayer AG publishes the annual [Bayer Sustainability Report](#). In addition, all employees receive sustainability news updates, via the Intranet or Web Based Training (WBT). These regular updates include information on our guiding principles, the current carbon savings status, and other sustainability news.

Annual Report Question 1.3 Do you regularly engage or communicate with external stakeholders (suppliers, final consumers, community groups etc.) about the environmental impact of your packaging?

Our response details how sustainability, including our packaging sustainability strategy, is addressed primarily through Bayer's stringent procurement practices. The [Bayer Global Procurement guidance](#) and policy incorporates sustainability as a key area, and this specifically includes packaging sustainability considerations.

Annual Report Question 1.4 Do you actively participate in any initiatives to promote packaging sustainability?

Yes.

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.

All Bayer Group Companies in Australia follow the sustainable procurement guidelines and protocols when purchasing products or services from external sources.

Globally, Bayer expects all suppliers to share the principles expressed in the [Bayer Supplier Code of Conduct](#). The Supplier Code of Conduct is based on the [principles of the U.N. Global Compact](#) and our [Human Rights Position](#). Our human rights standards in Procurement place particular value on the prevention of [child labour and modern slavery](#). Bayer AG's [Sustainable Development Policy](#) and Global Procurement Regulation detail many of Bayer's commitments.

Bayer Australia continues to publicise our company's Covenant Action Plan and subsequent Covenant Annual Reports on our Australian company website (www.bayer.com.au)

Regulatory considerations to protect human health and safety, coupled with a decentralised, outsourced distribution model, preclude closed loop reuse options for the vast majority of Bayer's primary and secondary packaging.

In conjunction with distribution provider DHL, Bayer Australia helped develop a proprietary reusable esky program, The Cool Green Cell, for temperature-critical pharmaceutical products. Bayer was the first company to work with DHL on The Cool Green Cell. In addition to reducing waste, this program has resulted in significant environmental improvement across our supply chain by reducing the need for refrigerated vehicles, resulting in lower fuel costs and reduced carbon footprint.

Criteria 2: Design & Procurement

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 categories are imported; and
- various Bayer products are required to be [registered with the Therapeutic Goods Administration \(TGA\)](#) before they can be supplied in Australia.

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

Most Bayer Australia pharmaceutical and consumer health products are required to be registered with the TGA and included on the Australian Register of Therapeutic Goods (ARTG) before they can be supplied in Australia. Labelling and packaging is strictly controlled by the TGA. More information may be found on their [website](#).

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

Outsourcing our distribution means that Bayer Australia 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, office paper and polystyrene eskies.

Bayer pharmaceuticals and consumer health products are more likely to be consumed in home or other indoor settings. This is reinforced by the fact that Bayer's products are not evident in the Keep Australia Beautiful National Litter Index results. Only Berocca Twist' n' Go has been identified as a potential litter source. Our SPG assessments specifically addressed the potential for Berocca Twist n Go containers to become littered.

The packaging types used by Bayer Australia are provided in Table 1 along with their typical uses.

Table 1: Bayer Packaging Material Types Used

Packaging Type	Description	Typical Use
Rigid Plastic Containers	Polyethylene Terephthalate (PET), high density polyethylene (HDPE)	Bottles for oral solutions, detergents
Closures	Polypropylene (PP), Low density polyethylene (LDPE), HDPE closures	Bottle caps, container lids
Paperboard	Folding cartons	Tablets, capsules, lozenges, creams
Glass	Glass bottles, ampules	Bottles for mouth wash, ampules
Metal	Steel containers, aluminium tubes	Effervescent tablet containers
Laminated foil sachets	Laminated foil sachets	Effervescent tablets
Applicator	Plastic applicator	Over the counter medication treatments
Composite tube	Aluminium-plastic composite tube	Creams
Blister pack	Composite	Pharmaceuticals tablets, capsules and lozenges
Flexible laminates	Composite flexible materials printed and laminated to form bags and wrappers	Baby wipes
LLDPE	Linear Low-Density Polyethylene	Inner bundle wrapping
Desiccants	Bentonite Clay and Silica Gel	Effervescent tablets e.g. Berocca, Supradyn, Redoxon
Paper	Paper leaflets and booklets	Product information / instructions

List valid at the time this Annual Report was prepared

Globally, Bayer is a member of the Together for Sustainability Initiative. Together for Sustainability (TfS), a joint initiative and global network of 33 chemical companies, delivers the de facto global standard for environmental, social and governance performance of chemical supply chains. The TfS program is based on the UN Global Compact and Responsible Care® principles.

Bayer AG is also a member of the Pharmaceutical Supply Chain Initiative (PSCI). The PSCI is a group of pharmaceutical and healthcare companies who share a vision of better social, health, safety and environmental outcomes in the communities where they buy.

Annual Report Question 2.1.a How many of your <baseline metric> have had their packaging reviewed against the Sustainable Packaging Guidelines (or equivalent) in the last 5 years?

285.

Bayer Australia 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. There were no significant changes to the SPG process in 2021.

○ 2.1.b Please indicate the accuracy of this response

Accuracy of this number is rated as medium.

Annual Report Question 2.2 Do you require your suppliers to use the Sustainable Packaging Guidelines (SPGs) or equivalent for your packaging?

Globally, the Bayer Sustainable Development policy and associated procurement guidance approaches 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.

Annual Report Question 2.3 Please tell us about any positive outcomes from your packaging reviews.

A more detailed understanding of packaging types and opportunities for improvement.

Annual Report Question 2.4 Do you believe applying the SPGs delivers business value to your organisation?

No.

Sustainable packaging design and procurement considerations are integrated throughout Bayer's global policies and practices, as described elsewhere in this Annual Report. Given the encompassing nature of these policies and practices, we believe the SPGs do not offer business value.

Annual Report Question 2.5 Which of the following Sustainable Packaging Principles have been considered in reviews of your organisation's packaging against the Sustainable Packaging Guidelines (SPGs)?

- Design for recovery
- Optimise material efficiency
- Design to reduce product waste
- Eliminate hazardous materials
- Use recycled materials
- Use renewable materials
- Design to minimise litter
- Design for transport efficiency
- Design for accessibility
- Provide consumer information on environmental sustainability

All of the above.

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

Bayer Australia has little direct control over packaging for most product categories due to their being imported, or due to registration restrictions given the nature of the product.

Annual Report Question 2.6.a How many of the <baseline metric> have packaging that has been optimised for material efficiency in the last 5 years?

285.

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

o 2.6.b Please indicate the accuracy of this response.

Accuracy of this number is rated as medium.

- **2.6.c Please tell us about any material savings you have made.**

N/A.

Criteria 3: Recycled Content

Annual Report Question 3.1 Do you have a policy or procedure to buy products and/or packaging made from recycled materials?

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 Australia 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 3.2 Which of the following products that you either purchase or distribute contain recycled materials?

- Your products
- Primary packaging that you use to sell your products
- Secondary packaging that you use to sell your products
- Tertiary packaging that you use to distribute your products
- Other items which you purchase (e.g., Office stationery and supplies, etc.)
- None of the above

Primary, secondary and tertiary packaging, as well as office stationery.

Annual Report Question 3.3a How many <baseline metric> has at least some packaging that is made from recycled materials?

285.

All SKUs either have paperboard boxes (which contain some level of recycled content) or are otherwise packaged in items such as glass bottles or steel cans that by their nature contain some level of recycled content.

- **3.3.b Please indicate the accuracy of this response.**

Accuracy of this number is rated as high.

Annual Report Question 3.4 If you do not currently use recycled materials in any of your packaging, please indicate why:

N/A.

Criteria 4: Recoverability

Annual Report Question 4.1.a How many of your <baseline metric> have all packaging components that are recoverable (i.e., recyclable or compostable at end-of-life)?

0.

All SKUs either have paperboard boxes or are otherwise packaged in items such as glass bottles or steel cans that by their nature are recoverable; however, SKUs usually have some component that is not currently recoverable.

o 4.1.b Please indicate the accuracy of this response.

Accuracy of this number is rated as medium.

Annual Report Question 4.2.a How many of your <baseline metric> have separable components with mixed recoverability at end-of-life? (e.g., a jar that is recyclable with a lid that is not recyclable).

Two hundred and eighty-five

o 4.2.b Please indicate the accuracy of this response.

Accuracy of this number is rated as high.

Annual Report Question 4.3 How many of your <baseline metric> have been assessed in the Packaging Recyclability Evaluation Portal (PREP)?

Forty-two

Annual Report Question 4.4 If you use compostable packaging, please indicate the type(s) of compostable certification (if any):

N/A. No compostable packaging is used.

Annual Report Question 4.5 How many of your <baseline metric> are not recoverable at end-of-life and must go to landfill? (i.e., not recyclable or compostable)?

Zero

As described above, all SKUs have some degree of recoverability.

Annual Report Question 4.6.a Have you investigated if there are any opportunities to use reusable packaging?

Yes.

Regulatory considerations to protect human health and safety, coupled with a decentralised, outsourced distribution model, preclude closed loop reuse options for the vast majority of Bayer's primary and secondary packaging.

Annual Report Question 4.6.b If yes, how many of your <baseline metric> have packaging for which all components are reusable?

Zero

o 4.6.c Please indicate the accuracy of this response.

Accuracy of this number is rated as high.

Annual Report Question 4.7.a Which of the following reusable business to business items did your organisation utilise during the previous 12-month reporting period?

- Pallets
- Crates
- Drums
- Intermediate bulk containers (IBCs)

Pallets and crates.

o 4.7.b For each of the items above are ticked a new question will appear that asks:

Tick all that apply- Was this reused:

- o Internally (between your organisation's sites & facilities)?**
- o Externally (with other organisation's such as suppliers or customers)?**

Mainly external, although Imaxeon has some internal reuse.

Annual Report Question 4.8 Does your organisation participate in any of the following closed-loop recovery programs/alternative collection systems for your packaging?

- N/A- all of our packaging is recoverable through mainstream recovery systems e.g. kerbside collection

N/A.

Criteria 5: Disposal Labelling

Bayer pharmaceutical, consumer health and radiology products are required to meet specific regulation and regulatory approval processes which impact labelling.

Where possible, Bayer will incorporate recycling information alongside regulatory labelling requirements.

Annual Report Question 5.1 How many of your <baseline metric> have labelling on-pack to inform the consumer of how to correctly dispose of the packaging?

Six

o 5.1a Please indicate the accuracy of this response.

Accuracy of this number is rated as high.

Annual Report Question 5.2 Which of the following labels does your company presently use?

- Australasian Recycling Label (ARL)**
- Mobius loop/Recycling symbol**
- Tidy man**
- Written instructions**
- REDCycle**

ARL, Mobius Loop and written instructions.

Criteria 6: On-site Waste

All of Bayer Australia's distribution is outsourced. On-site, our distribution partners, DHL Supply Chain (DHL) and Toll, are responsible for recycling cardboard and plastic, while DHL also recycles office paper. Bayer Australia staff, including our Covenant contact officer, have met with DHL staff and confirmed existing recycling, waste management and other environmental management practices, as appropriate.

At the time of reporting, A progress against our Action Plan, no new recycling opportunities have been identified.

A waste management concept is in place in both the Pymble and Rydalmere offices, and it specifies explicit disposal procedures for the following items:

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

In 2018, Bayer recycled 1,325 computers, laptops, tablets, UPS and other electrical and electronic devices and accessories through Interlink Asset Management Services. In 2021, no such IT disposal was necessary nor conducted for Bayer.

Used mobile phones and accessories may also be managed through MobileMuster however no mobile phones or accessories were returned through MobileMuster in 2021.

Annual Report Question 6.1 Tick which of the following packaging materials you have recycling program for:

- **Paper/Cardboard** - Yes
- **Soft Plastics** - No
- **Rigid Plastics** - Yes
- **Timber** - No
- **Fabrics** - No
- **Glass** - Yes
- **Metals** - Yes
- **All materials have waste collection programs**

Annual Report Question 6.2.a Over the reporting period, how much of the waste your organisation generated on-site was diverted from landfill (was recycled, composted, reused or sent for energy recovery)?

In 2021 Bayer Australia generated 12.7 tonnes of paper and cardboard recycling at our Pymble office and 5 tonnes of co-mingled recycling. As a result of the COVID pandemic, Bayer's 2021 figures would not be representative as most employees worked from home.

o 6.2.b Please indicate the accuracy of this response.

Accuracy of this number is rated as medium.

o 6.2.c Which of the following facilities are included in the above waste data?

- **Offices**
- **Warehouses**
- **Stores**
- **Manufacturing facilities**
- **Other (please specify)**

Just offices.

Criteria 7: Problematic Materials

Annual Report Question 7.1 Over the reporting period, which of the following activities did you undertake to help reduce the impact of litter?

- Conduct regular clean-ups on-site.
- Participate Business Clean Up Day.
- Sponsor a clean-up day.
- Undertook a litter education campaign

N/A.

Annual Report Question 7.2 Please indicate which of the following problematic, unnecessary, and single-use plastic items your organisation sells or distributes:

N/A.

Annual Report Question 7.3 Please indicate which of the following [as indicated in question 7.2] problematic, unnecessary, or single-use plastic items your organisation is investigating options to or are actively trying to phase out?

As referenced above, Bayer provides a range of prescription and non-prescription products. Many of these products are packaged in blisterpacks for quality and in some cases safety reasons.

Under APCO's December 2019 Single-Use, Problematic and Unnecessary Plastic Packaging guidelines, blisterpack could be considered a problematic single-use plastic, as it is commonly disposed of in rubbish and therefore not easy to recover. However, the plastic packaging in blisterpacks may not easily "be reduced, avoided or substituted without compromising the ability to meet standards for human health, OHS or food safety, or any other government regulations", as Bayer Australia items packaged in blisterpack are subject to TGA approval, as described previously.

Many of the regulatory approvals focus on product stability and efficacy and are subject to extensive testing on issues such as permeability and light stability as part of the registrations; blisterpacks have been optimised to specifically address these consumer and regulatory concerns. In addition, the plastic packaging in blisterpack cannot be "reduced, avoided or substituted without causing any undesirable outcomes such as reduced access for vulnerable consumers", as the blisterpack is designed to enable access for vulnerable consumers such as the elderly and those with limited dexterity. Therefore, blisterpack would not be considered an unnecessary single-use plastic under the APCO guidelines.

Many products have fibre-based secondary or tertiary packaging that can readily be recycled in kerbside recycling programs, along with information inserts.

Annual Report Question 7.4 Have you successfully phased out any of the above materials in the last 5 years?

No.

Additional Information

Describe initiatives, processes, or practices that you have implemented over the previous 24 months that have improved packaging sustainability.

Adoption of the PREP and ARL.

Describe any opportunities or constraints that affected performance within this reporting period.

The COVID pandemic has impacted on Bayer Australia's ability to conduct on-site audits and verifications as many sites have limited site access. As a result of staff not being in the office during 2020 and 2021, issues and trends during this period are not representative of typical practices.

5.0 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 Australia does not track some packaging measures in detail.

However, baseline metrics are being reported using the APCO online reporting tool.

6.0 Covenant Contact Officer

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7.0 Senior Management Endorsement

Dr Dominika Goedde, as Chief Financial Officer, endorses this Annual Report and progress towards the commitments contained in our Action Plan.