



Bayer 2030 Sustainable Development Objectives

December 10, 2019

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Bayer's Sustainability Journey

Started Decades Ago – Now We Will Significantly Step-Up Our Engagement





Our Portfolio Combines our Responsibility to Act With the Potential to Create Sizeable Sustainability Benefits

Crop Science

- // #1 in seeds, crop protection and digital agriculture solutions
- // World-class R&D platform



Pharmaceuticals

- // Leading positions in key therapeutic areas – incl. Women's Health
- // Innovative medicines in areas of high unmet medical need



Consumer Health

- // Iconic household brands
- // Leading positions in 7 of top 10 over-the-counter markets



Stepping-up our sustainability engagement

- // Ambition to generate **impact at scale**
- // Realizing **business opportunities**
- // Anchoring sustainability **as integral part of our strategy and operations**
- // **Leading by example** - Heightened responsibility for transparency and engagement
- // Integration of non-financial targets into **compensation schemes**
- // Sustainability **governance firmly anchored** in Board of Management and Supervisory Board

Positions: pro-forma calculations Bayer, Bayer CS market model; IQVIA; market model in-market sales OTC medicines, data from IQVIA, Nicholas Hall



Science is Clear: The World Faces Complex and Urgent Challenges

Urgent and More Rapid Progress is Needed

**Ageing & growing
world population**
with higher healthcare needs

Humanity has been **consuming**
and **emitting more than**
nature can recreate ...

Climate change, water scarcity
and a **loss of biodiversity** among
the most pressing challenges of our time

Humanity **cannot proceed at the current level of resource
consumption.** It requires the world to find a **new balance
between producing and preserving.**



Measurable 2030 Group Targets Driving Sustainable Development

Help More People Thrive Within Planetary Boundaries

Our ambition is to generate a **positive sustainable impact** for **society** and the **environment** through our business operations.



Support 100m smallholder farmers¹
in low- and middle-income countries (LMIC)



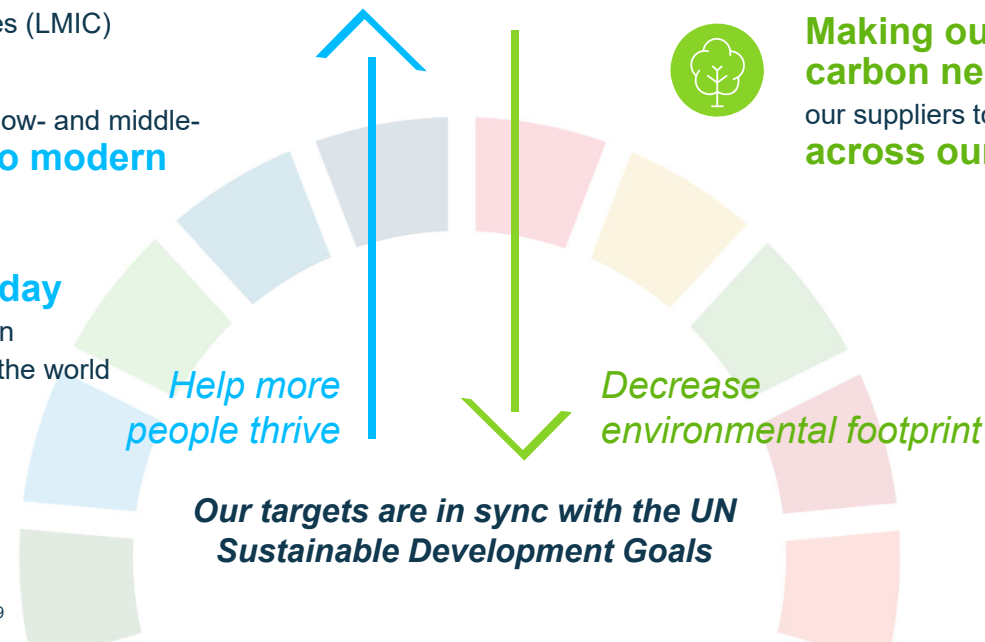
Provide 100m women in low- and middle-income countries with **access to modern contraception**



Expand access to everyday health for 100m people in underserved communities around the world



Making our own operations carbon neutral and working with our suppliers to **reduce emissions across our value chain**



¹ A farmer who farms crops on less than 10 ha (FAO definition)



We are Committed to Supporting 100m Smallholder Farmers in LMIC



The Challenges

- // **Smallholders** provide **up to 80% of the food supply** in Asian and sub-Saharan Africa¹ - still, **malnutrition, stunting** and **wasting** remain major issues
- // There are **550m smallholder farms** around the world²
- // But many still struggle to make a living, as they are also **extremely vulnerable to extreme weather conditions and crop losses**



Our Approach

- // Provide smallholder farmers with **holistic solutions** to grow crops more sustainably, to **increase** their **yields and** their **incomes**
- // Includes **access** to affordable **quality inputs** and good agricultural practices, and the facilitation of access to **finance, insurance** and the connection to **local food chains**
- // **Partnerships** with public, private and local organizations are key to **address smallholder farmers' needs holistically**

Impact:

- // Improve local food supplies, improve smallholder livelihoods and reduce poverty in rural communities

¹ Food and Agriculture Organization of the United Nations (FAO), Factsheet "Smallholders and Family Farmers", 2012

² CGAP (Consultative Group to Assist the Poor), "The Global Distribution of Smallholder and Family Farms", Sarah Lowder, Terri Raney, Jakob Scoet, October 2014
LMIC: Low- and middle-income countries; Smallholder farmer: A farmer who farms crops on less than 10 ha (FAO definition)

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We aim to Provide 100m Women in LMIC With Access to Modern Contraception



The Challenges

- // Today, **gender inequality** is still high. **Teenage pregnancy and maternal death** are serious health concerns, especially in LMIC
- // For women, **sexual education and family planning** are not only central to their health but can also give them **greater autonomy over their lives**
- // Yet more than **200 million women** in LMIC have an **unmet need for modern contraception**¹
- // Family planning programs are still largely dependent on **international donor-funded aid**



Our Approach

- // Provide access to **affordable modern contraceptives**
- // Increase **availability** and add **further options in long-acting reversible contraceptives** to the method mix, meeting yet unsatisfied demand
- // Increase **self-reliance** and **help build donor-independent markets**
- // Leverage **partnership** programs to increase **awareness**, apply best-practice **knowledge** and achieve **impact at scale**

Impact:

- // Improve women's health, rights and economic status as a large step towards increasing gender equality

¹ Guttmacher Institute, Unmet need for contraception, 2017
LMIC: Low- and middle-income countries



We aim to Bring Everyday Health to 100m People in Underserved Communities



The Challenges

- // **Ageing population**, a rise in **lifestyle related diseases** and a constantly increasing level of healthcare costs
- // Expanding **access to self-care solutions** that address everyday health needs helps with **early intervention and lowers healthcare costs** for society
- // Today **at least half** of the world's population still **lacks access to essential health services**, including self-care¹



Our Approach

- // Increase the **availability** and **affordability** of our trusted, high quality **OTC brands** in underserved communities around the world
- // Support **self-care education** initiatives that form the basis for shaping behavioral change
- // Empower consumers with reliable information/tools to enable them to **manage their own health better**
- // **Partnership** programs to achieve **impact at scale** and apply best-practice **knowledge**

Impact:

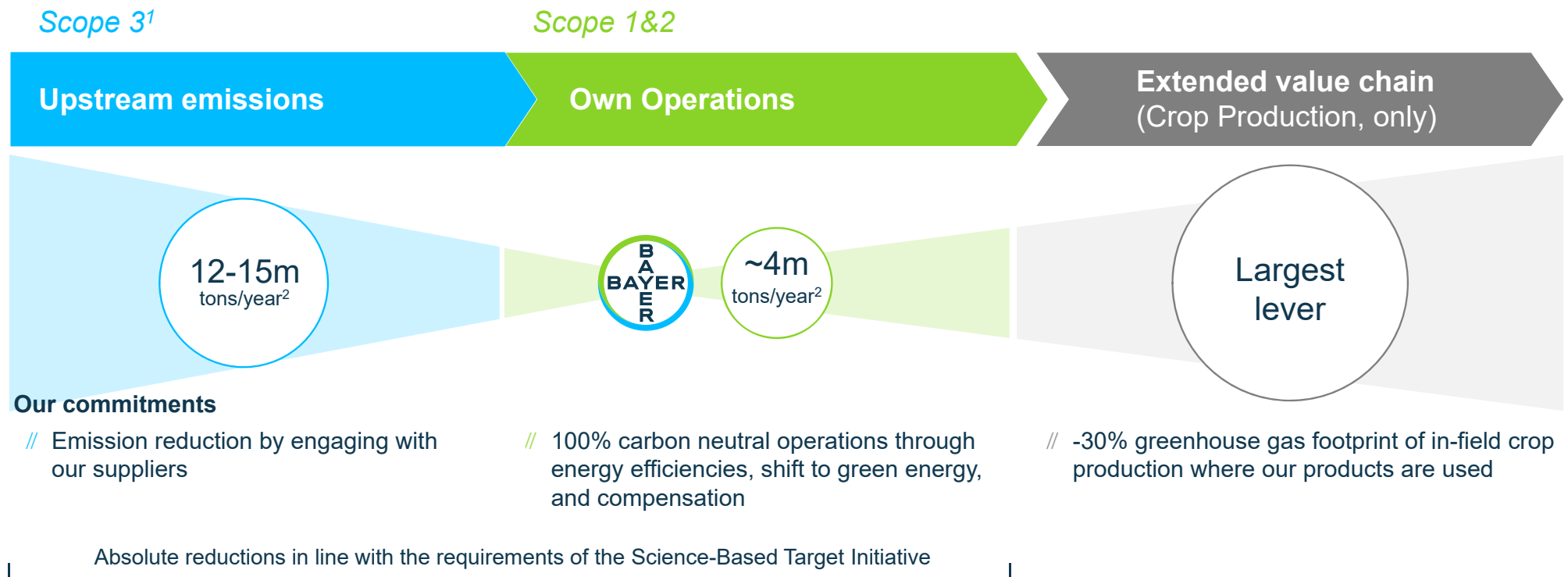
- // Improve people's everyday health

¹ Tracking Universal Health Coverage: 2017 Global Monitoring Report; Joint World Health Organization/World Bank Group report, December 2017
OTC: Over the counter medicines



Carbon Neutrality in Own Operations Plus Substantial Reduction Across Our Value Chain

Bayer Committed to Science-Based Targets



¹ Scope 3 downstream emissions (GHG protocol) <10%

² Tons = metric tons of CO₂ equivalents; expected baseline 2019

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Our Focus on Women Accelerates Sustainable Development in LMIC

Systemic Responses Will Contribute to Yield and GDP Increases



¹ According to Pretty et al, 2008; cited by the Food and Agriculture Organization
GDP: Gross domestic product; LMIC: Low- and middle-income countries
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Sustainability as Integral Part of our Business and Operations

Our Approach to Sustainability Governance



Principles & Processes

- // Clear and **measurable targets** to be rolled-out into divisions and regions
- // Regular **annual reporting**
- // Sustainability and reputational **risk screening**
- // Bayer **Stakeholder Engagement principles** (BASE) as enhanced guideline



Checks & Balances

- // New independent **Sustainability Council** advising the Board of Management
- // **Sustainability expert** Ertharin Cousin **as new member** of the **Supervisory Board**



Accountability

- // Additionally, **CEO** to become **Chief Sustainability Officer** as of Jan 1, 2020
- // Cross-divisional **ESG Leadership Team** in place
- // Sustainability targets embedded in **variable compensation** for managerial employees



Our Roadmap 2020/2021



Strategy implementation including:

- // Define quantitative sustainability targets for compensation schemes
- // Sustainability Council established
- // Work on 2030 roadmaps for our commitments
- // Activation of key partnerships

2019

- // Board of Management decision to step-up engagement
- // Commitments approved by Board of Management and endorsed by Supervisory Board
- // Inclusion of sustainability objectives in compensation scheme
- // **Today's announcement of Bayer 2030 sustainable development objectives**

2020

2021

Ongoing strategy implementation including:

- // Quantitative sustainability targets for long-term compensation schemes in place
- // Involvement of the Sustainability Council in our planning and strategy cycle
- // Continued focus on partnerships and stakeholder activation



Investor Conference Call

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