ESG Investor Conference Call
September 17, 2020

Update on sustainability commitments and latest achievements
Cautionary Statements Regarding Forward-Looking Information

This presentation may contain forward-looking statements based on current assumptions and forecasts made by Bayer management.

Various known and unknown risks, uncertainties and other factors could lead to material differences between the actual future results, financial situation, development or performance of the company and the estimates given here. These factors include those discussed in Bayer’s public reports which are available on the Bayer website at http://www.bayer.com/.

The company assumes no liability whatsoever to update these forward-looking statements or to conform them to future events or developments.
The pandemic is boosting sustainability

Covid-19 well managed within Bayer’s sphere of influence

1. **Employee Health**
   - Securing health and safety of employees

2. **Business Continuity**
   - Safeguarding supply, production, logistics and business operations

3. **Humanitarian Efforts**
   - Health for all, hunger for none – using our expertise in health and nutrition in global crisis
Sustainability commitments and latest achievements

Agenda

// Sustainability fully integrated in our strategy
// Sustainability targets: Progress & status quo
  // Climate
  // Access Targets
// Governance achievements
  // Sustainability-based compensation
  // Sustainability Council
  // BASE principles
  // Sustainability as integral part of Bayer processes
// External perspective on Bayer
  // ESG ratings
  // Reputation
// Overview commitments & achievements
Considerable progress has been made so far

**Selected examples**

| June 2019 | ✓ Launching of **Raising the bar** in transparency initiative |
| December 2019 | ✓ Sustainability targets set: 100 million challenges & new climate targets |
| February 2020 | ✓ Launch of our vision „Health for all, hunger none“ |
| May 2020 | ✓ Position on Deforestation and Forest Degradation published |
| August 2020 | ✓ Science Based Target (SBT) approval |
| September 2020 | ✓ Roadmaps to targets defined, large-scale partnerships initiated |
| November 2019 | Implementation of **BASE principles** as Corporate Policy |
| January 2020 | ✓ CEO takes on role as **Chief Sustainability Officer** |
| April 2020 | ✓ AGM¹ approval of the new **compensation system** for the members of the Board of Management |
| July 2020 | ✓ Launch of **Carbon Capture Business Model** by Crop Science |
| August 2020 | ✓ Onboarding of external **Sustainability Council** |

¹AGM: Annual General Meeting
Sustainability is firmly anchored in organizational set-up

Subheadline

Matthias Berninger
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Head of Corporate Sustainability

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Head of Public Affairs, Science & Sustainability, Consumer Health

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Head of Public Affairs, Science & Sustainability, Crop Science

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Head of Market Access, Public Affairs & Sustainability, Pharmaceuticals

Dr. Monika Lessl
Head of Corporate Innovation, R&D and Societal Engagement
A. Sustainability fully integrated in our strategy
Our new vision: Health for all hunger for none
Sustainability is part of our strategic and normative compass

At Bayer, **Sustainability** is

- A key enabler of our **company vision**
- A central component of and value lever within our **group strategy** and thereby a **business opportunity**
- An **ambition** to **generate impact** at scale
- Embedded with **concrete business targets** in our business strategies and **compensation schemes**.
- **Leading by example** - Heightened responsibility for **transparency** and engagement
Recap on our mandate:
Sustainability is an integral part of our business strategy

Corporate sustainability archetypes & new mandate for Sustainability at Bayer

**Shareholder maximizer**
- Focus on financial targets / short-term shareholder value
- Sustainability as element of risk mitigation. Focus on what’s legally required

**Corporate contributor**
- Focus on financial targets and improved external perception
- Sustainability primarily as PR element to strengthen relationships with external stakeholders and mitigate external risk

**Impact generator**
- Focus on both financial and sustainability targets
- Sustainability as new business opportunity to drive growth. Sustainability integrated within business strategy and operations

**Social innovator**
- Sustainability targets provide the frame for any financial targets
- Sustainability as an integral component of corporate purpose

Financial targets

Sustainability targets

**where we want to be**
Earth Overshoot Day –
There are many ways to make our world more sustainable

„The resource budget for 2020 is spend: By August 22 humanity had consumed the amount of resources the earth can renew throughout the whole year.“
(German Environmental Agency)

We can do a lot to push this date to later in the year:

- **8 days** through reforestation of 350 million hectare
- **90 days** by a 50% CO2 emissions reduction
- **21 days** by the efficient use of existing technologies
- **13 days** through reducing food waste by 50%
- **17 days** by a 50% cut of global meat consumption
- **49 days** if every other family had one child less and motherhood was postponed for two years.
We combine our strengths across businesses to create bold impact for sustainable development.

The SDGs have three dimensions:

- **Economy**
- **Society**
- **Biosphere**

At Bayer, we have impact on most of the 17 SDGs, with major impact on the following:

1. **No Poverty**
   - Improve livelihoods and reduce poverty, esp. in rural communities

2. **Zero Hunger**
   - Drive food security and improved nutrition; promote sustainable agriculture

3. **Good Health and Well-Being**
   - Help women and girls to improve their health, autonomy and economic status

4. **Clean Water and Sanitation**
   - Ensure availability and sustainable management of water and sanitation for all

5. **Gender Equality**
   - Combat climate change and mitigate its impacts

6. **Life on Land**
   - Use natural resources sustainably and preserve biodiversity
Environmental risks have become the most significant risks to the world economy

Source: WEF Global Risks Report 2020
B. Sustainability targets: Progress & status quo
Measurable Group-level targets for Sustainable Development until 2030

**Help more PEOPLE thrive**
- Support 100m smallholder farmers in LMIC\(^1\)
- Expand access to self-care for 100m people in underserved\(^2\) communities
- Provide 100m women in LMIC with access to modern contraception

**Decrease ECOLOGICAL footprint**
- Climate neutrality at own sites + reduced emissions in our supply chain
- CS: -30% greenhouse gas emissions produced by key crops in the main regions we serve
- CS: -30% environmental impact of crop protection
- CH: Sustainable production and transition to circular options that reduce, recycle, reuse, and replace\(^2\)

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1) LMIC: low and middle income countries - All countries included in the World Bank list as per 1 July 2019
2) underserved: Economically or medically

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14  //  ESG Investor Update 2020-09-17  //  Matthias Berninger
We are taking bold climate action across our value chain

Our climate commitments by 2030

Scope 3¹

Bayer-wide external suppliers and services

10m tons/year²

Emission reduction by engaging with our suppliers

Scope 1&2

Bayer-wide direct and indirect emissions from our operations

3.7m tons/year²

100% carbon neutral operations through energy efficiencies, shift to green energy, and compensation

Extended value chain (Crop Production, only)

-30% field greenhouse gas emissions from the most emitting crop systems in the regions Bayer serves

Group Target: Absolute reductions in line with the requirements of the Science-Based Targets Initiative

¹ Scope 3 downstream emissions (GHG protocol) <10%
² Tons = metric tons of CO₂ equivalents; Baseline 2019
Bayer’s 2030 ambition with a Science Based Target (SBT) of 1.5°C positions us in a group of leading companies

Only 264 companies have a 1.5°C target like Bayer (SBTi or Business Ambition for 1.5°C)

1 BASF: Carbon neutral growth until 2030
2 DSM: SBT 2°C target with -30% until 2030
3 Apple: Net-Zero Target for 2030 for Scope 1-3; already today carbon neutral for Scope 1 & 2. Until 2030 -75% emissions and for remaining emissions removals
4 Amazon Pledge: Next to Amazon also Infosys, Reckitt Benckiser and Verizon have signed the Pledge to be Net Zero already in 2040. 10 years ahead of the UNGC target
5 Microsoft has the target to be Carbon Negative in 2030 and to remove all its past emissions since foundation until 2050
Path towards 100% carbon neutral operations in 2030

42% reduction target for Scope 1 & 2 is in line with limiting global warming to 1.5 C°

**Scope 1 (direct) & 2 (indirect)**

- 3.7 m tCO₂e¹

**Scope 3 (up- and downstream value chain)**

- 10 m tCO₂e*

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1. Baseline 2019
2. PG&S = Scope 3 category #1 “Purchased Goods & Services (including Seeds)”, included in our science-based target (SBT)
*Pending external audit

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YE 2019

<table>
<thead>
<tr>
<th>CH</th>
<th>CS</th>
<th>PH</th>
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**Emission Reduction**

- Renewable energy
  - 100% purchased electricity from renewable sources

**Offsetting remaining emissions for carbon neutrality**

- Remaining Scope 1 & 2 emissions
- Reduction of CO₂e ≥ 42%
- 500 Mio. € CapEx for Emission Reduction

**Remaining Scope 3 emissions**

- Non-SBT
- ≥ 12.3%

**Offsetting remaining emissions for carbon neutrality**

- 50-200 Mio. € OpEx for offsetting projects

**Non-SBT**

- Own initiated action

- Inherited action

YE 2019

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500 Mio. €

50-200 Mio. €

500 Mio. €

CapEx for Emission Reduction

OpEx for offsetting projects

500 Mio. €
Net Zero ambition 2050 solidifies our vanguard position

Business ambition for 1.5°C support further strengthens our carbon-capture business model

- Ambition for Net Zero in 2050
- Linked to long term goal of Paris Agreement
- Achieving ambition will depend on external factors, e.g. mandatory renewable electricity, hydrogen infrastructure, technology advancements, regulations how to balance residual emissions by carbon removals\(^6\) incl. Scope supply

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5 Microsoft has the target to be Carbon Negative in 2030 and to remove all its past emissions since foundation until 2050
6 Current compensation measures are typically carbon avoidance, e.g. CS Carbon Modell is based to a large degree on carbon avoidance and a small part carbon removal
Crop Science: Success factors & building blocks

Success factors:

// Commercial operations

// Portfolio Differentiation: products tailored to local farmer needs at affordable prices

// License-to-operate & Biotech Approvals: regulatory approvals in Africa & APAC

// Value-Chain-Partnerships: shared investment alliances to increase reach

// Digital Solutions: incubator model for advisory, market linkage & spray-as-a-service

// Dedicated Impact KPI measurement

Target: Support 100m smallholder farmers in LMIC\(^1\)

Numbers reflect people (millions)

\(^1\) LMIC: low and middle income countries
\(^*\) Preliminary figures; pending external audit
With the help of our partners, the Better Life Farming centers provide solutions to smallholders along the entire value-chain

Smallholder Commitment – Big Leap Example: Better Life Farming

**Concept**

// Ecosystem of global and local partners providing holistic solutions for smallholders in dedicated village centers
// Each center covers a group of 500 farmers from five to six nearby villages
// Management of centers via Bayer-trained “agri-entrepreneurs” with a special focus on supporting women to assist other female smallholders
// Proven concept with double yield and triple profitability for involved farmers (green chili case study in Uttar Pradesh India)

**Achievements & Outlook**

// By end of 2020:
// India: ~500 Better Life Farming centers with ~ 300 k smallholders supported
// Indonesia: Launch and build-up of 56 centers in collaboration with 8 partners
// Bangladesh: Opening of 3 centers with help of local partners and Ministry of Agric.
// Until 2030:
// Expansion of concept to Africa and Latin America (Kenya & Mexico possible next pilots)
// Up to 8 m smallholders supported by offering village-based holistic agronomic solutions & advice
Towards Sustainable Agriculture: More with Less

Reducing environmental impact of crop protection and field greenhouse gas emissions by 30% until 2030

Impact generator: Focusing on Crops / Countries with highest potential:
- Soy/Corn in US, Brazil and Argentina; Rice in India

Technology levers to reach target include e.g. use of cover crops, low/no-till farming, replacement of synthetic fertilizers through inoculants, precision farming, new irrigation systems, switch to dry-seeded rice

Business models for carbon capture incentivizing climate-smart farming practices launched in US and Brazil

Technology levers to reach target include e.g. new chemical and biological control, precision farming with reducing emissions into the environment and biotechnology with tolerant traits

First applicable methodology to measure environmental impact of crop protection co-developed with academic consortium (led by University of Denmark)

First in the industry to commit to measurable improvement in the entire customer base
Pharmaceuticals: Success factors & building blocks

Voluntary Family Planning contributes to a wide range of UN SDG 2030 goals incl. SDG 3 and SDG 5

Success factors:

// Reliable supply, most importantly for long-acting contraceptives like implants and hormonal intra-uterine devices

// Capacity Building, e.g. cooperation with urban health project „The Challenge Initiative“

// Route to women in rural areas and humanitarian settings in cooperation with partners (e.g. UNFPA)

// Long-term: Innovation: e.g. non-hormonal contraceptive technologies

Target: Provide **100m women** in LMIC\(^1\) with access to modern contraception

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**Bayer Products**

**Capacity building\(^2\)**

- **2019**: ~ 38\(^*\)
- **2030**: 100

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Numbers reflect women using modern contraception (millions)

1 LMIC: low and middle income countries
2 Capacity building refers to the development of knowledge, skills, commitment, structures, systems and leadership to enable and strengthen self-reliance and resilience of the local health systems and of the key players towards family planning and sexual reproductive health. We aim to do leverage partnerships to create impact at scale.

\(^*\) Preliminary figures; pending external audit
The Challenge Initiative will drive access to contraception in urban areas

Bayer partners through John-Hopkins-University, with initial commitment of 10 mUSD

- The Challenge Initiative provides cities in Africa and Asia with a bold approach to rapidly and sustainably scale high-impact family planning and reproductive health solutions.

- Enabling women to make informed decisions about whether and when to have children reduces unintended pregnancies as well as maternal and newborn deaths.

- It also increases educational and economic opportunities for women and leads to healthier families and communities.

More about The Challenge Initiative, https://www.youtube.com/watch?v=oelhENUNp_o

Additional target: We aim to broaden access to our pharmaceutical products to 100m people in low and middle-income countries

The Challenges

// Traditional pricing models focus on developed, affluent countries with usually good levels of patient access to innovation

// However, more than 80% of the world’s population live in LMIC with limited state reimbursement budgets

// Patients in LMIC therefore must fully or partially pay out of pocket and are often unable to afford the medicines they need

Our Approach

// Adopt an equitable pricing approach that incorporates country-level affordability. Respective pricing policies have been recently implemented for core products (Xarelto, Nexavar, Eylea, Adempas, Mirena, Kyleena).

// Implement Patient Affordability Programs around the world by subsidizing out of pocket payments for medicines

// Focus on LMIC as areas of priority in terms of pricing flexibility and Patient Affordability Program implementation. First programs kicked off, e.g. in Indian, Kenya, Senegal

Impact:

// Improve health of patients in need
Consumer Health: Success factors & building blocks

Target: Expand access to self-care for 100m people in underserved communities

Success factors:
// Access driven growth in Centro, Africa and ASEAN markets
// Accessible and affordable Products
// Strategic Partnerships
// Self-Care Advocacy
// Go-To-Market: Partner across divisions on in-market activations and Go-To-Market strategies that reach underserved
  // in key need/therapeutic areas e.g., heart health, women’s health, nutritionals
  // Critical regions: e.g. Sub-Saharan Africa, India

Numbers reflect people (millions)
* Preliminary figures, pending external audit
360 Partnership Approach: The Micronutrients Consortium will expand access to micronutrients for millions of women and children.
Sustainability offers significant value creation potential for Bayer

Within 3 months only, tiered pricing delivered access for additional 400+ Nexavar patients in Kosovo, Syria, Iraq and Libya

Novel Carbon Capture Business Model a multi-million EUR business opportunity

The first seven Patient Access Programs with upside of low double digit million EUR in sales over the next three years

Approval of Chagas treatment (Lampit) for children awarded with FDA priority review voucher

Supporting 100m smallholders by 2030 translates into a significant business opportunity
C. Governance achievements
Group-wide Sustainability goals are reflected in BoM and managerial short- and long-term incentives

**Compensation of BoM and other managerial employees linked to sustainability targets**

1. As of 2020: Qualitative targets included in BoM STI as part of the non-financial Group Goals
2. As of 2021: Additional quantitative Group-wide sustainability targets included compensation schemes of BoM and managerial employees

**Quantitative LTI-relevant Sustainability KPIs as of Jan 1, 2021**

(baseline 2019 // targets refer to 2030 targets)

<table>
<thead>
<tr>
<th>Access targets (50%)</th>
<th>Carbon footprint targets (50%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>100 Mio. smallholder farmers in LMIC supported by products, services and partnerships</td>
<td>Climate-neutrality at own sites and achievement of Science Based Targets</td>
</tr>
<tr>
<td>100 Mio. women in LMICs who have their need for modern contraception satisfied due to interventions supported by Bayer</td>
<td>1. 42% reduction of Scope 1 &amp; 2 greenhouse gas emissions</td>
</tr>
<tr>
<td>100 Mio. people in underserved* communities whose self-care is supported by interventions from Bayer</td>
<td>2. 100% off- or in- setting of remaining Scope 1 &amp; 2</td>
</tr>
</tbody>
</table>

**Long-term incentive (Cap: 250 %)**

4 year performance period

<table>
<thead>
<tr>
<th>Relative TSR (comparison with EURO STOXX® 50)</th>
<th>ROCE (group level)</th>
<th>ESG targets (group level)</th>
<th>Absolute share price development (incl. dividends)</th>
</tr>
</thead>
<tbody>
<tr>
<td>40%</td>
<td>40%</td>
<td>20%</td>
<td>x</td>
</tr>
</tbody>
</table>

1) Scope 1: Direct greenhouse gas emissions from our own power plants, vehicles, waste incineration plants and production facilities
2) Scope 2: Indirect greenhouse gas emissions from the procurement of electricity, steam and cooling energy.
3) Scope 3: Indirect greenhouse gas emissions from the value chain from purchased goods and services, capital goods, fuel and energy related activities, upstream transportation and distribution and business travel.
Our external Sustainability Council will support us with an outside-in perspective and, hence, external credibility

Bayer’s Sustainability Council: Purpose and Role

**Purpose**

Advise Bayer’s Board of Management, the Sustainability organization and other relevant functions in all Sustainability matters, helping us leverage our potential in Sustainability

**Role**

- Challenge Bayer’s sustainable business strategy and provide input on strategic shifts
- Advise on Bayer’s R&D contributions to sustainability
- Review Bayer’s progress towards the implementation of its strategies and goals
- Advise on foundation activities & social innovation

The Council has just been onboarded end of August and is now starting its work.

All members will meet twice per year with the BoM, in spring and fall, in alignment with our annual planning cycle.

Bayer Societal Engagement principles (BASE)

A strong code of conduct: BASE guides our interactions with all stakeholders

1. How we drive Innovation
2. How we act in the Workplace
3. How we conduct our Business
4. How we interact with our Customers, Patients & the Consumers of our Products
5. How we interact with Media, Legislators, Regulators and Civil Society Organizations
6. How we interact with Shareholders

Sustainability as integral part of Bayer processes

// Sustainability gradually to be integrated into the processes of all enabling functions

// Example: strategic planning, risk management & M&A processes:

Strategic Planning
// Growing importance of sustainability clarified through inclusion in strategic planning cycle
// Sustainability as business opportunity

Risk Management
// ESG risks included in Enterprise Risk Management system
// Stronger focus on climate risks also matching external standards (e.g. TCFD)

M&A Processes
// Sustainability firmly integrated in relevant M&A processes
// From non-binding offer to due diligence processes to binding offer
D. External perspective on Bayer
Current Bayer rating from key ESG rating agencies does not fully reflect what we do

<table>
<thead>
<tr>
<th>Rating agencies</th>
<th>2020</th>
<th>2019</th>
<th>2018</th>
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</thead>
<tbody>
<tr>
<td>MSCI</td>
<td>BB</td>
<td>BB</td>
<td>BBB</td>
</tr>
<tr>
<td>Sustainalytics</td>
<td>C+</td>
<td>C+</td>
<td>C+</td>
</tr>
<tr>
<td>ISS ESG</td>
<td>34.4 (High Risk)¹</td>
<td>66/100 (Outperformer)</td>
<td>69/100 (Outperformer)</td>
</tr>
<tr>
<td>VigeoEiris</td>
<td>47</td>
<td>46</td>
<td>52</td>
</tr>
</tbody>
</table>

Additional “red flag” on the topic of biodiversity

<table>
<thead>
<tr>
<th>Rankings</th>
<th>2020</th>
<th>2019</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Climate</td>
<td>A</td>
<td>A</td>
<td>A-</td>
</tr>
<tr>
<td>Water</td>
<td>A</td>
<td>A</td>
<td>A</td>
</tr>
<tr>
<td>Results open</td>
<td>#16 out of 20</td>
<td>#16 out of 20 (2016)</td>
<td># 12 out of 20 (2016)</td>
</tr>
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¹ Sustainalytics: Change of methodology in 2020
Sustainability is a central factor influencing our external reputation. Related business opportunities pay a double dividend on reputation

Insight from Bayer’s Global Brand Tracking 2020

<table>
<thead>
<tr>
<th>Factor</th>
<th>BRA</th>
<th>CHN</th>
<th>FRA</th>
<th>DEU</th>
<th>USA</th>
</tr>
</thead>
<tbody>
<tr>
<td>Familiarity</td>
<td>0.04</td>
<td>0.01</td>
<td>0.04</td>
<td>0.06</td>
<td>0.07</td>
</tr>
<tr>
<td>Customer Orientation</td>
<td>0.00</td>
<td>0.03</td>
<td>0.02</td>
<td>0.05</td>
<td>0.01</td>
</tr>
<tr>
<td>Good Employer</td>
<td>0.03</td>
<td>0.07</td>
<td>0.00</td>
<td>0.08</td>
<td>0.01</td>
</tr>
<tr>
<td>Product &amp; Service Range Quality</td>
<td>0.16</td>
<td>0.09</td>
<td>0.16</td>
<td>0.14</td>
<td>0.18</td>
</tr>
<tr>
<td>Life Science Company</td>
<td>0.07</td>
<td>0.06</td>
<td>0.15</td>
<td>0.23</td>
<td>0.15</td>
</tr>
<tr>
<td>Social &amp; Environmental Responsibility</td>
<td>0.29</td>
<td>0.17</td>
<td>0.38</td>
<td>0.23</td>
<td>0.22</td>
</tr>
<tr>
<td>Economic Success</td>
<td>0.38</td>
<td>0.54</td>
<td>0.29</td>
<td>0.23</td>
<td>0.38</td>
</tr>
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Social & Environmental Responsibility and economic success are the most important factors for Bayer’s reputation

1,000 respondents per country

XX highest impact on reputation  •  XX second highest impact on reputation
Achievements to bolster our Sustainability performance

- Our vision “Health for all, hunger for none” & our strategic setup ensure impact generation in terms of Sustainable Development Goals
- 100% carbon neutral operations in 2030 in line with limiting global warming to 1.5°C – Science Based Targets approved; additional net zero ambition for 2050
- 100 million challenges: Success factors carved out; first partnerships accomplished
- Sustainability targets firmly anchored in Board compensation for fiscal 2021
- Sustainability Council manned with diverse international specialists; onboarding completed
Update on sustainability commitments and latest achievements

Q&A session

Vera Hahn
Head of Corporate Sustainability

Matthias Berninger
Head of Public Affairs, Science & Sustainability

Dr. Claus Runge
Head of Market Access, Public Affairs & Sustainability, Pharmaceuticals

Daniella Foster
Head of Public Affairs, Science & Sustainability, Consumer Health

Dr. Klaus Kunz
Head of Sustainability & Business Stewardship, Crop Science