



March 16, 2023  
Investor Conference Call  
ESG Update 2022





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# Agenda



Welcome

1

**Matthias Berninger**

Head of Public Affairs, Science,  
Sustainability & HSE



Transparency & ESG Ratings

2

**Dr. Klaus Kunz**

Head of ESG External Engagement  
& Performance Reporting



Climate & Ecosystems

3

**Frank Terhorst**

Head of Strategy & Sustainability,  
Crop Science



Food Security

4

**Daniella Foster**

Head of Public Affairs, Science &  
Sustainability, Consumer Health



Health Equity

5

**Dr. Claus Runge**

Head of Market Access, Public Affairs  
& Sustainability, Pharmaceuticals



I&D, Human Rights, Governance

6

**Dr. Cristina Alonso Alija**

Head of Sustainability, Safety,  
Health & Environment



Q&A

7

**All Speakers &  
Respective Experts**



## Matthias Berninger

- Head of Public Affairs, Science, Sustainability & HSE

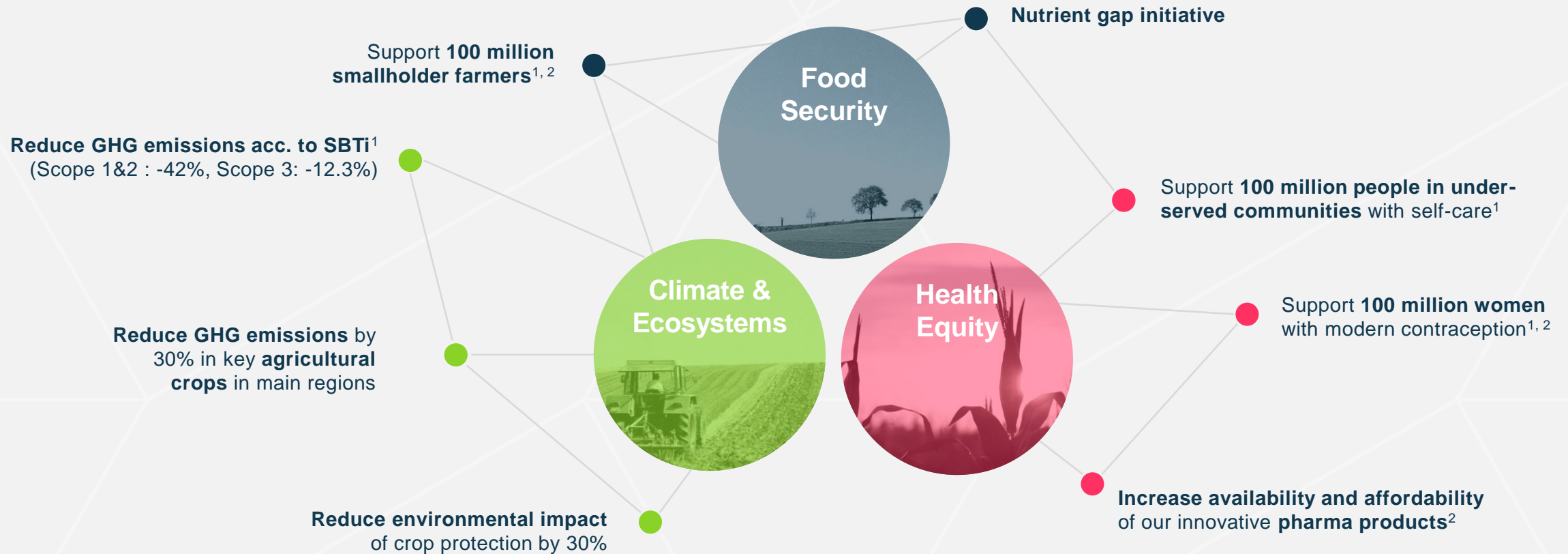
Vision

*Health for all,  
hunger for none*



# Our Sustainability Targets positively contribute to today's pressing challenges

We greatly contribute to multiple SDGs





## Klaus Kunz

- Head of ESG External Engagement & Performance Reporting

# *Targets, Transparency & ESG Ratings*

Vision

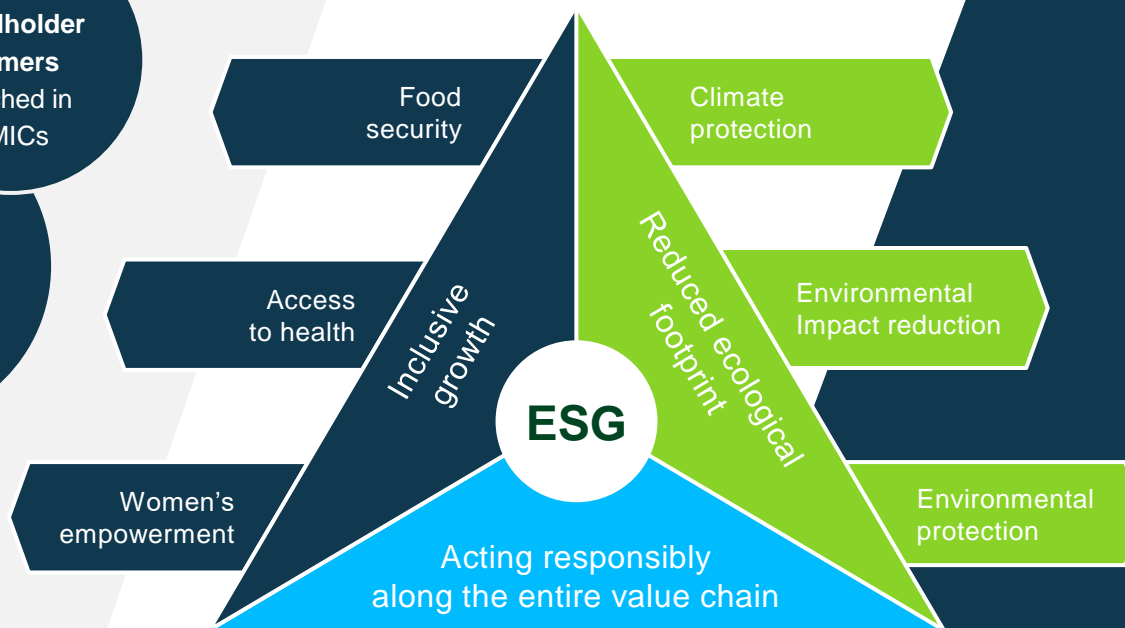
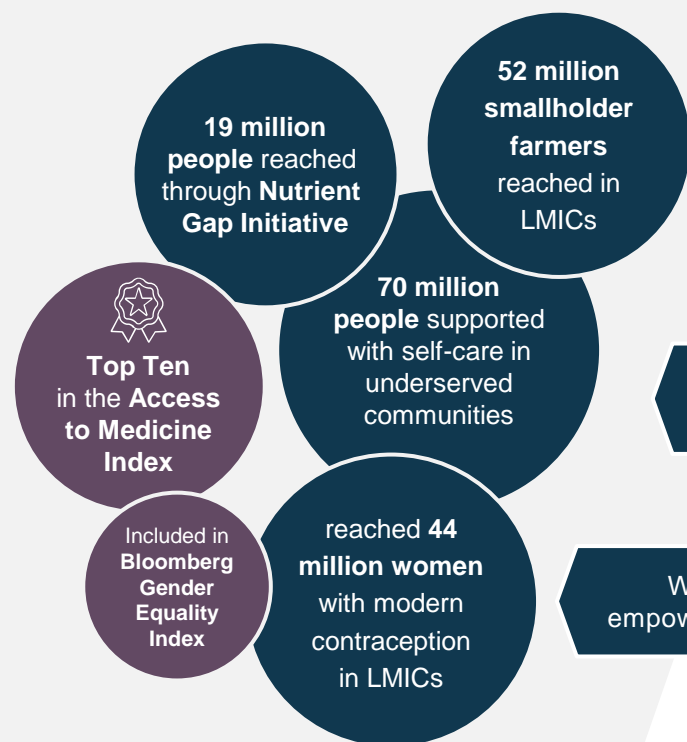
*Health for all,  
hunger for none*



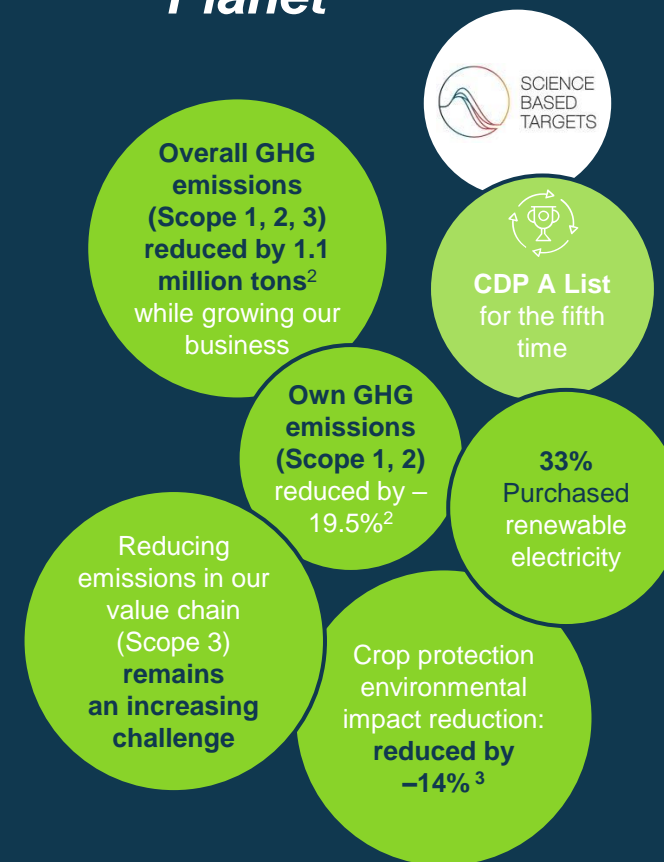
# Our major achievements in 2022

Progress towards 2030

## People



## Planet

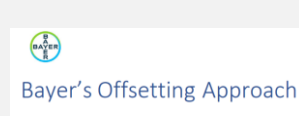
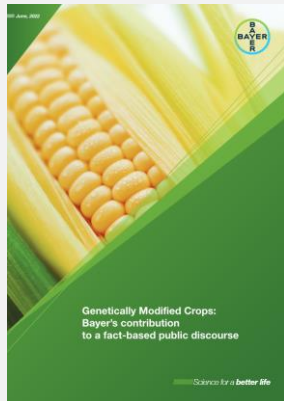




# Execution needs to go along Transparency & Stakeholder Engagement

To build up and strengthen trust

## Transparency in (selected)



ESG Score  
Controversy level

A  
■ (e.g. GMO)

Improvement of Rating from BB to A;  
■ (GMO) removed



ESG Score  
Norm-based

C+ (1<sup>st</sup> decile)  
■ (Neonics)

Stable Rating Level  
■ (Neonics) removed in 2021



Risk Score  
Controversy level

29.9 (medium)  
5

Controversy level and rating impacted  
by ongoing Glyphosate litigations



2022 Nature  
Benchmark

#1 chemical  
company

Out of ~400 keystone companies  
across 8 industries





## Frank Terhorst

- Head of Strategy & Sustainability  
Bayer Crop Science

# *Climate & Ecosystems*

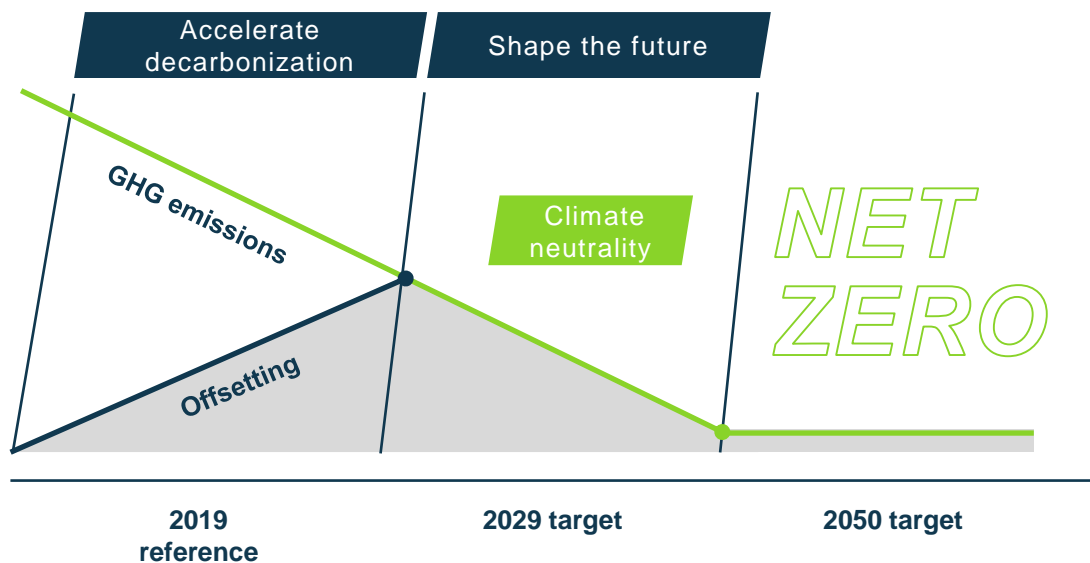
Vision

*Health for all,  
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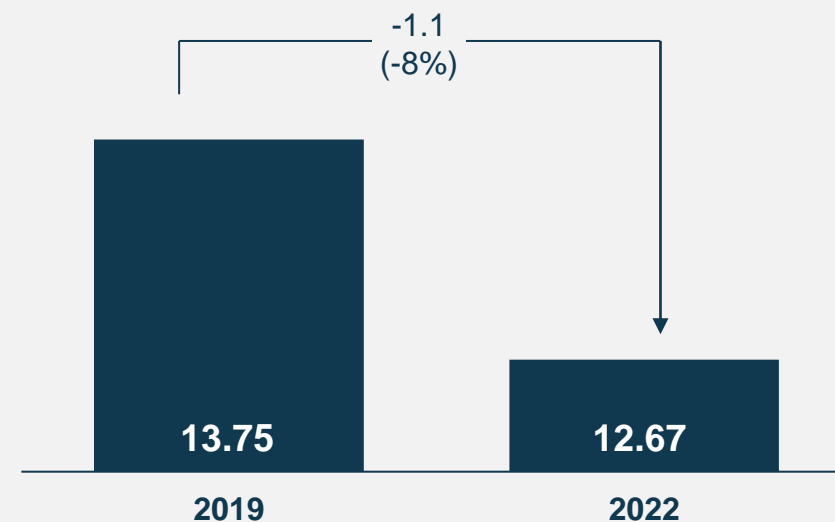
# We Take Broad Climate Action Along the Value Chain

## GHG Emissions Reduction



## Our Total GHG Emissions

[million metric tons CO<sub>2</sub>e] incl. Scope 1, 2 & 3<sup>1</sup>



<sup>1</sup>Thereof SBT relevant 12.58 in 2019 and 11.93 in 2022

Learn more by reading our  
[Climate Program](#)



Find more info here:

<https://www.bayer.com/en/sustainability/climate-protection>



# In Scope 1&2 we are on track while we intensify our efforts in Scope 3

## Scope 1&2

**Reduced emissions by 4.4%**  
or around 140k tons compared to 2021



**32.6%**  
of all purchased electricity is renewable



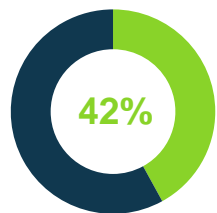
Additionally,  
**450,000**  
metric tons of GHG emissions offset in 2022

## Scope 3

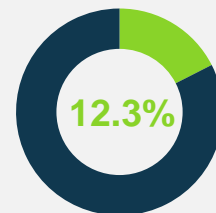
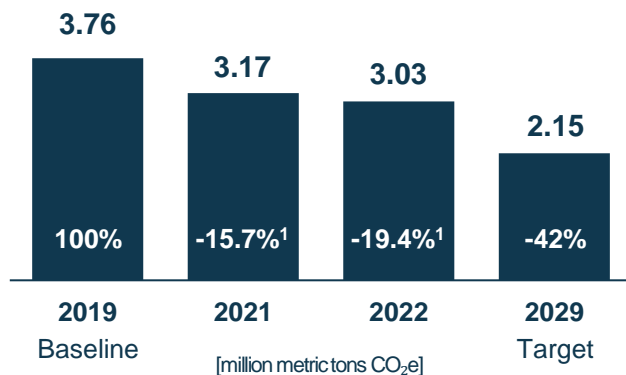
**Emissions rose in 2022**  
largely due to pandemic recovery



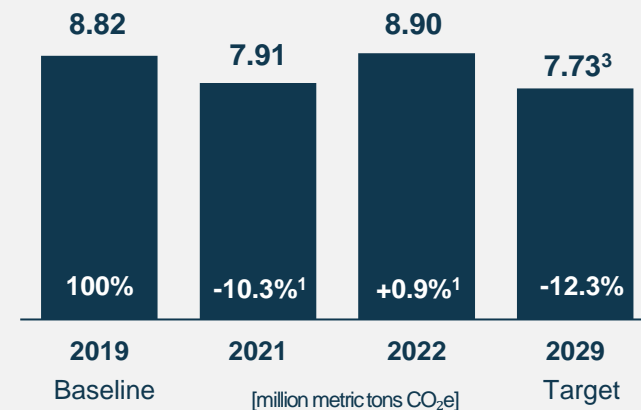
**Collaborations ongoing**  
with **Climate Disclosure Project**,  
Together for **Sustainability** and **WBCSD**<sup>2</sup>



**less CO<sub>2</sub> in our own operations by 2029**



**less CO<sub>2</sub> in the value chain by 2029**



<sup>1</sup> Compared to baseline 2019  
<sup>2</sup> World Business Council for Sustainable Development  
<sup>3</sup> Figures reflect SBT relevant emissions equivalent to 12.3% reduction



# Bayer takes a holistic approach to sustainable agriculture



## Climate

We will help our farmer customers reduce in-field greenhouse gas emissions **by 30% by 2030**



## Ecosystems

We will reduce the environmental impact of our crop protection products **by 30% against a 2014 – 2018 baseline by 2030**





# We're Helping Reduce Agricultural GHG Emissions

## Our goal

help our farmer customers reduce in-field greenhouse gas emissions by 30% by 2030

## Our baseline

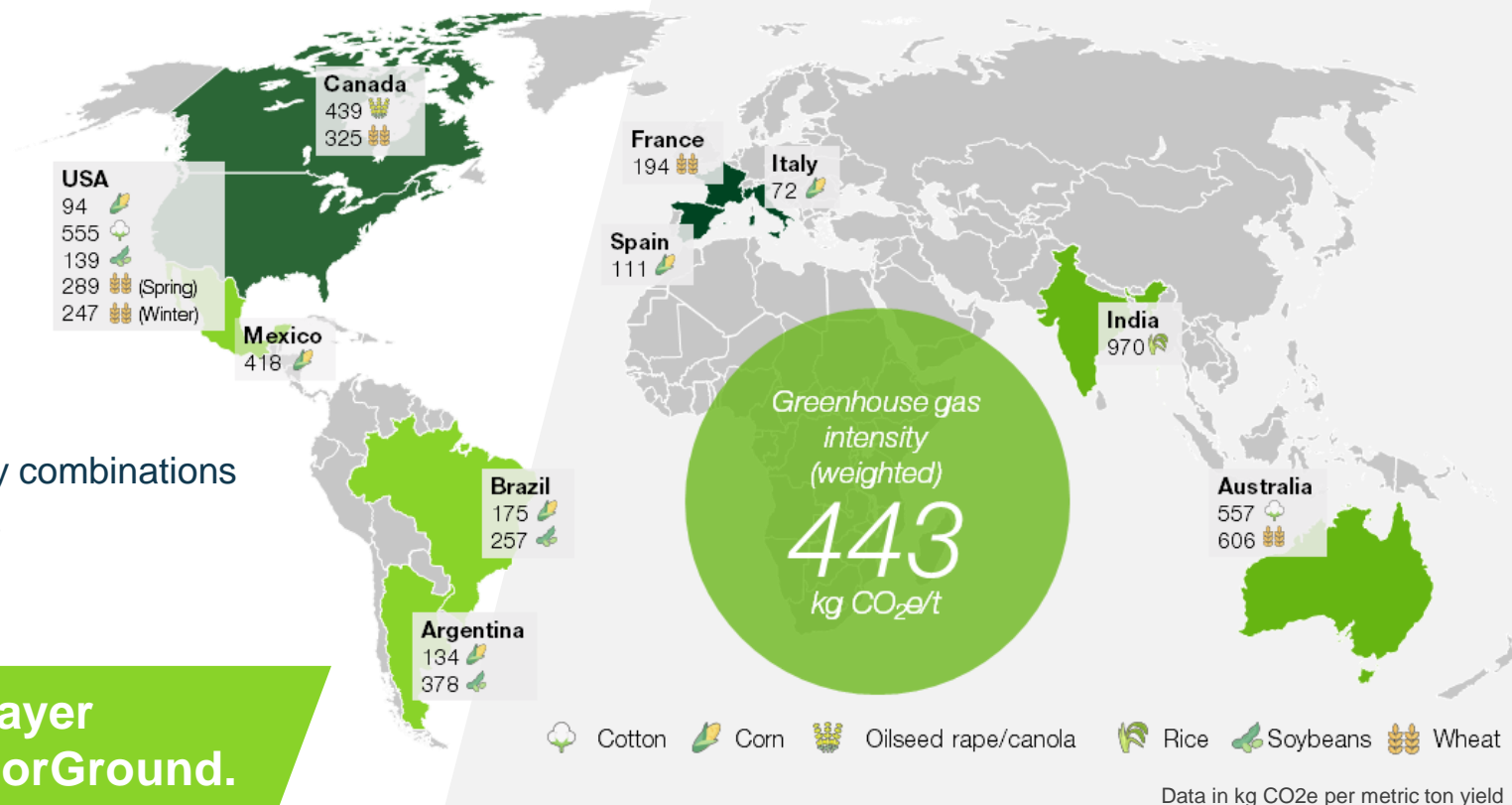
our customers' overall emissions intensity is approx. 443 kg CO<sub>2</sub>e/t crop<sup>1</sup>

## Our strategy

- // Prioritize our 18 most significant crop-country combinations
- // Deliver continued innovation on our products
- // Improve yield due to genetic gain

**Pursue carbon capture through Bayer Carbon Programs. For example, ForGround.**

## Greenhouse Gas Intensity for Our Most Important Crops (Crop-Country Combinations)





# We're reducing Crop Protection's Environmental Impact & growing sales

## Our goal

We will reduce the environmental impact of our crop protection products by 30% against a 2014 – 2018 baseline by 2030

30%

## 2017 – 2021 vs 2014 – 2018



We reduced the global environmental impact of our crop protection products by

14%<sup>1</sup>

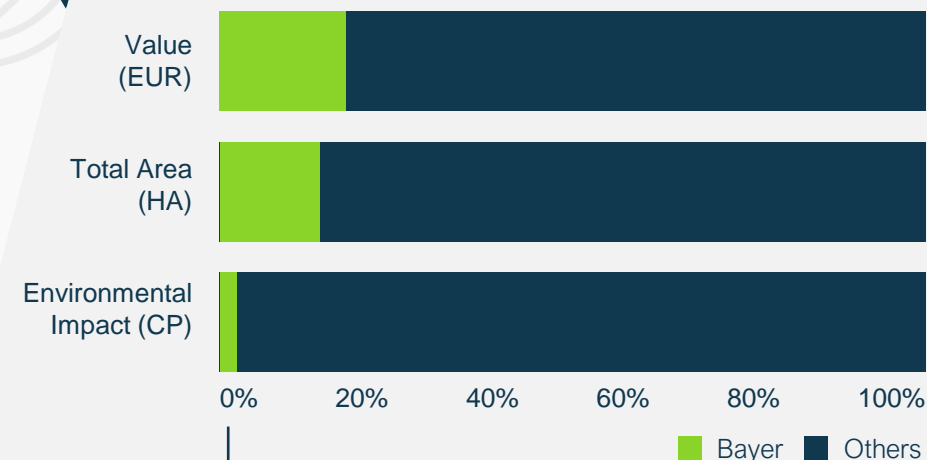
## From 2018 to 2021



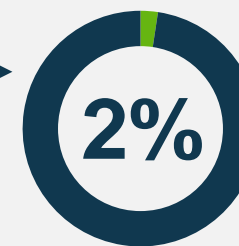
We increased crop protection sales by

15%

## 2018 Crop Protection Industry Environmental Impact



Bayer products accounted for only



of the environmental impact from crop protection in 2018

<sup>1</sup> Comparison against a 2014 – 2018 baseline

Preliminary impact assessment has been conducted by Technical University of Denmark (DTU) based on the PestLCI/USEtox® models. PestLCI secondary distributions currently out of scope. Impact assessment limited to current scientific consensus of USEtox®: aquatic organisms and the substances which can be characterized in USEtox®. Terrestrial and pollinator impact assessment is currently not included in USEtox®. CP application data mostly from third parties such as Kynetec/Kleffmann in some countries based on Bayer estimates. Only CP applications in 2018 covered.



# We're enhancing agricultural productivity with ecosystem preservation

## Biodiversity

- // Developing cropping systems that not only produce **more with less**, but also become **more regenerative** in terms of soil health and habitats and **more resilient** towards climate change
- // **Regenerative Agriculture**
- // **Forest protection strategy in Brazil**
- // Involvement in **frameworks** (SBNT, TNFD) and **platforms** (SAI, SMI)

## Sustainable Use

- Expanding product stewardship** and **fighting counterfeiting** to drive the sustainable and safe use for humans and the environment by e.g.,:
- // **Safe use trainings:** increase in externals (mainly farmers) reached 3.4 mio vs. 2.7 mio in 2022
  - // Expanding the Safety Seal technology to seeds

## Water

Transforming rice cultivation by developing a Crop System empowered by **Direct Seeded Rice** tailored to rice growers' needs.

## Water Commitment

"We commit to driving positive change in water productivity in water scarce regional cropping systems – starting with rice where we commit to **improve water use per kg of crop by 25% in 2030** by transforming the rice cropping system for our **smallholder customers** in the relevant regions where Bayer operates"



# Benefits of our “Sustainable Intensified Management System” in Argentina

Implementing a sustainable agronomic system resulted in ...

## ... Increased farmer ROI

Higher system productivity

**+13.4%**

Increased Gross profit margins by

**22%**

## ... And more sustainable agriculture

Carbon Sequestration (Kg CO<sub>2</sub>/Ha/Year)

**+1,428 kg**

Reduced Carbon balance (CO<sub>2</sub> eq kg/ha)

**-65%**

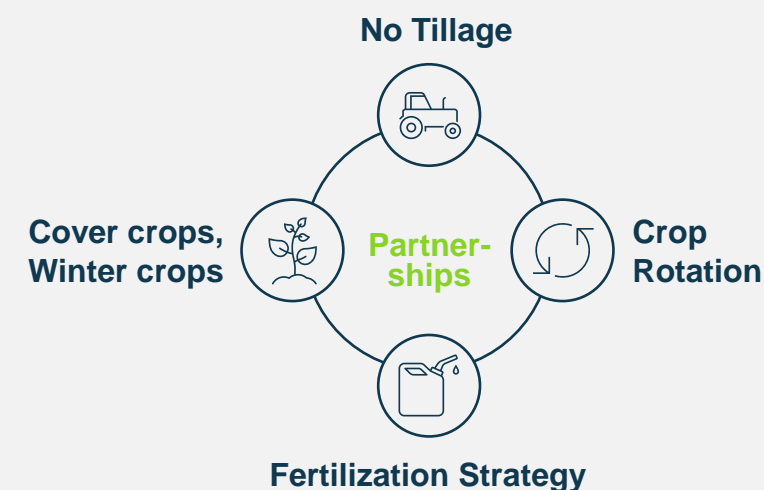
System Biomass Production (kg/ha)

**+40%**

Less sprays

**-15%**

## Sustainable Intensified Management



### Bayer Value Proposition



Seeds



Crop Protection



Services



Digital Solutions

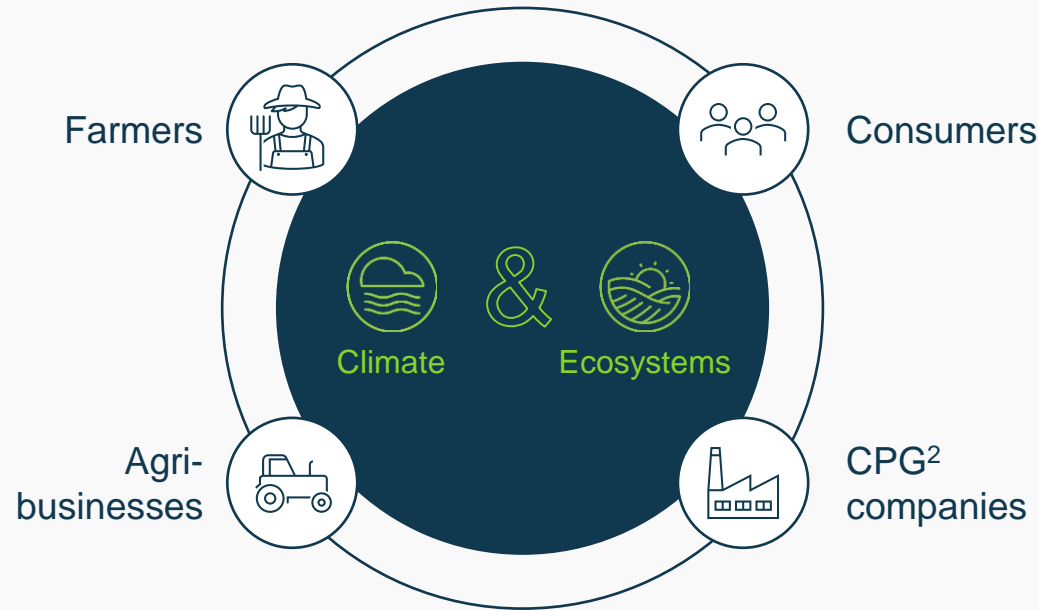




# Deliver 100% digitally-enabled sales<sup>1</sup> and outcome-based solutions to customers

**Setting a new standard for the industry**

**in data-driven, digital innovations**



**Microsoft Azure Data  
Manager for Agriculture**





## Daniella Foster

- Head Public Affairs, Science & Sustainability Consumer Health

# *Food Security*

Vision

*Health for all,  
hunger for none*



# Support 100m Smallholder Farmers of the >550m Globally

Accessing smallholder farmers improves lives in low- and middle-income countries and creates business opportunities

## Challenges



~550m  
Smallholder  
farmers  
worldwide



**Lack of access to new technologies**



**Limited productivity of their crops**



**Limited access to knowledge**



**Climate Change**



Feed **>50%**  
of population  
in developing countries



Exposed to the markets; **price volatility & fluctuations**



**Hunger & malnutrition**



**Lack of access to markets & capital**



Additional challenges caused by **Covid-19**

## How to get there

**Regional commercial strategies** focused on smallholder farmers' needs

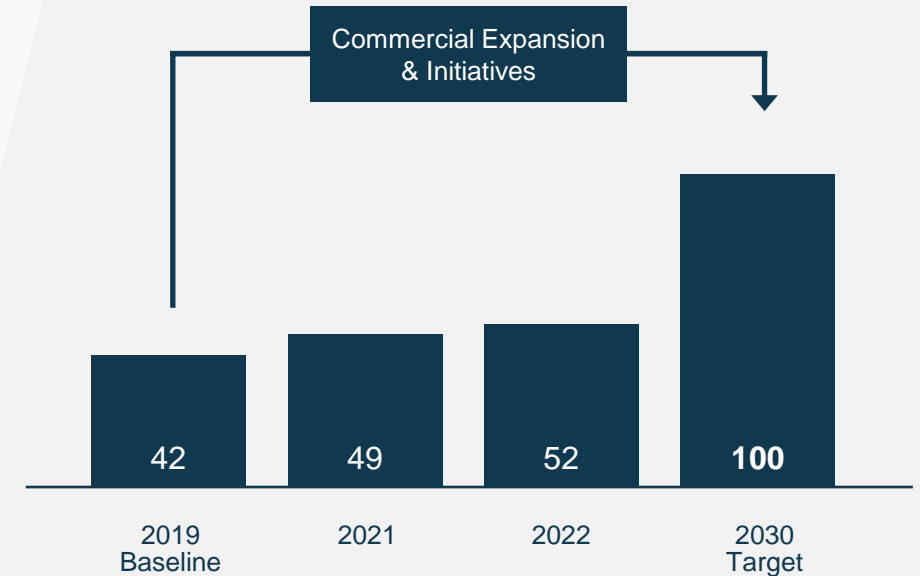
**Value Chain Partnerships** as shared investment alliances to reach new segments

**Digital Solutions** for advisory, market linkage, etc.

**Portfolio Differentiation** to offer better and affordable crop protection & seeds products

**License to Operate & Biotech approval pipeline** in Africa and APAC to enter new markets

## Progress



**Smallholder-farming business 2022:**  
~€2.3bn sales<sup>1</sup>



# Better Life Farming<sup>1</sup>

An Ecosystem Approach to Last-Mile Delivery

**An inclusive, sustainable & scalable business model**

- // **BLF network of >2,500 centers:** Strong expansion (India, Indonesia, Bangladesh, Mexico, Honduras; planned launch in Tanzania)
- // **Successful partnership approach:** 30+ partners along ecosystem; funding with IFIs<sup>2</sup>, foundations, NGOs
- // **Women empowerment:** ~10% female agri-entrepreneurs operating BLF centers + role models
- // **Impact generation:** Rural job creation, higher yields and profits for farmers, reduction of food loss



## Holistic solutions







# Nutrients: A uniquely Bayer opportunity for impact

**Nearly 1 in 3 people** don't have access to **essential vitamins & minerals** globally  
**Nutrients** come from **Food & Supplements**

## Food

Crop Science

Vitamin and minerals from fruits, vegetables, grains and animal proteins



➤ **Hunger for none**



## Supplements

Consumer Health

Vitamins and minerals complements (safety net supplements)



➤ **Health for all**



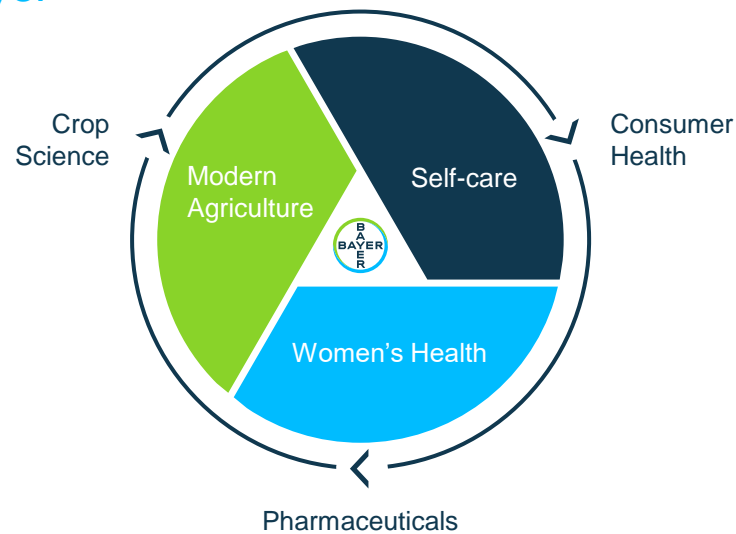
Bayer **is one of few companies** in the world that can positively improve access to essential **nutrients** holistically





# Leveraging the strong BLF infrastructure to help close the nutrient gap

## One Bayer



- // **Nutrition education** in partnership with NGOs and local governments (Smallholder farmers as multipliers)
- // **Access to prenatal nutrition** (multiple micronutrient supplementation) for pregnant women
- // **Women empowerment:** Training for women in family planning, healthcare, self-care, and stunting prevention<sup>1</sup>



BLF Indonesia  
pilot at 22 centers

## Impact



➤ **44,000**  
Women trained

➤ **800,000**  
Smallholder Farmers



**Enhancement in knowledge about self-care, nutrition, stunting and women's health**



## Claus Runge

- Head Market Access,  
Public Affairs & Sustainability  
Pharmaceuticals

## *Health Equity*

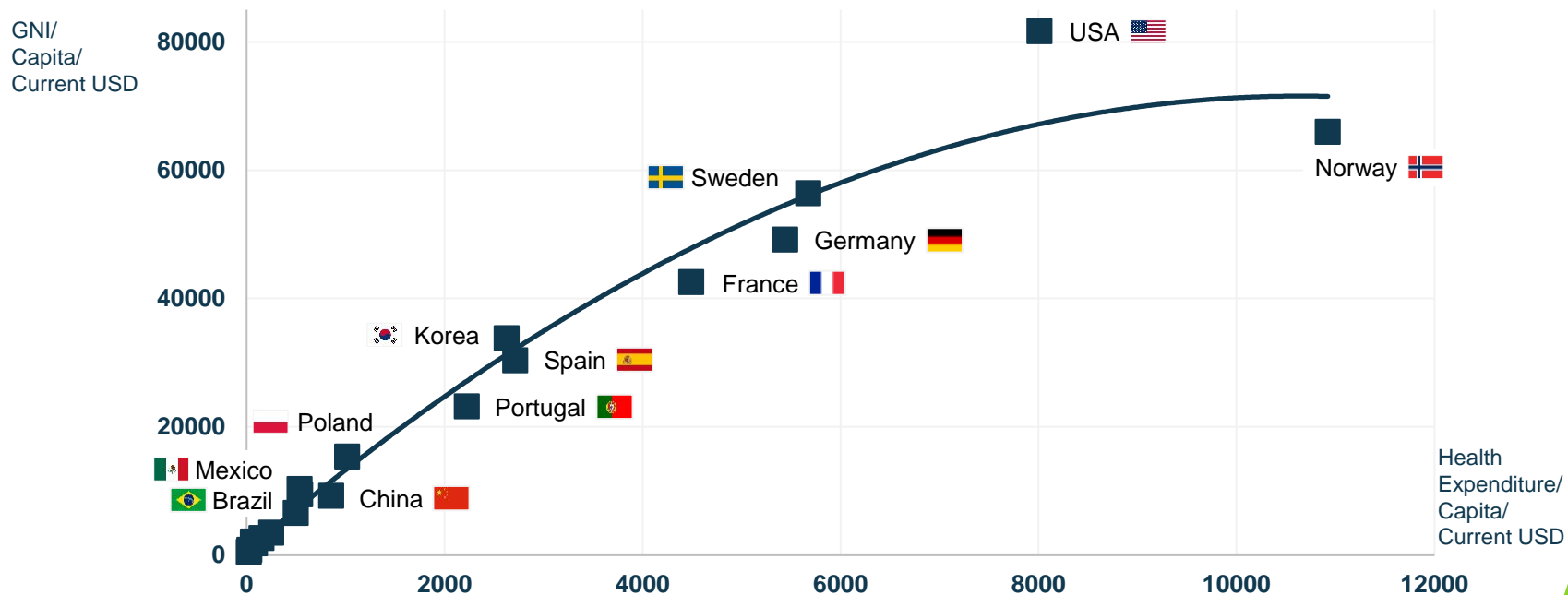
Vision

*Health for all,  
hunger for none*



# Health Equity is still far away from being a reality

Inclusive growth business models can help to come closer



**8** billion world population in 2023

**52%** have no access to health insurance

## Life expectancy at birth, total (years)

Low-income	64.1
Lower middle income	69.3
Upper middle income	76.0
High-income	80.3





# Access to Self-Care for 100m People in Underserved Communities

Everyday Health as the First and Last Line of Care

## Challenges

**Ageing population**, a rise in **lifestyle related diseases** and a constantly increasing level of healthcare costs

Expanding access to self-care solutions helps with **early intervention** and **lowers healthcare costs** for society

Consumers are **4-6 times more likely** to purchase, protect, champion or trust **brands with a strong purpose**

## How to get there

**Appropriate Portfolio:** adapting our science-based portfolio to design everyday health solutions with the underserved in mind, from formula to pricing

**Deeper Penetration:** meeting low-income consumers where they shop to bridge the physical gap

**Partnerships and Initiatives**, e.g., the Nutrient Gap Initiative

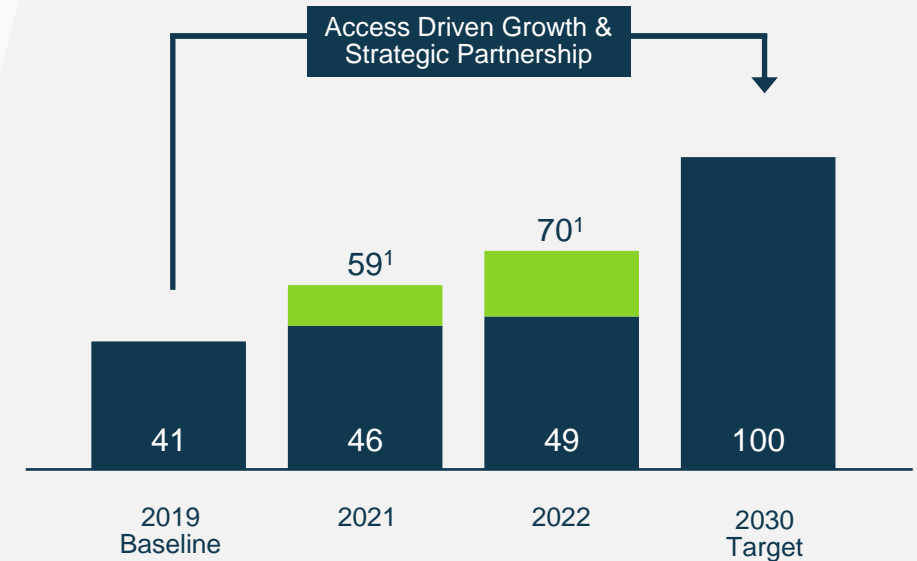
Policy: Collective action for a **WHO resolution on self-care**

Focus on **high impact markets**: US, LATAM, ASEAN, METAP

**Self-Care Education** initiatives form the basis for shaping behavioral change to empower consumers to manage their own health better

## Progress

Numbers reflect people (millions)





# How do we adapt our portfolio to solve unmet needs

Underserved people prefer brands they trust for safety and efficacy.  
We commit to delivering solutions tailored to their needs

## Consumer needs



### Medical insight

Research on unmet medical needs  
(pending scientific publication)

### Consumer Insights

Consumer understanding

## Innovative solutions



### Innovative access solutions

Convenience, safety,  
Rx-to-OTC switches

### New solutions

New products/formula and  
services

## Go-to-market



### Pricing

Affordable for underserved,  
yet profitable

### Channels

Available where underserved  
consumers buy

## Education



### Health education and literacy

Empowerment to make safe and  
efficacious self-care decisions



## > Partnerships and Advocacy

Focus on impact markets: Mexico, Egypt, Africa, India, South East Asia, China



# Pharmaceuticals: Delivering patient impact & business growth

On track to reach 100m women in LMICs with modern contraception; AtM index Top10 rating achieved



**100mn**  
women on modern  
contraception  
by **2030**

**Access to  
family planning**  
8 FP<sup>1</sup> brands

- Regional commercial sales
- Supranational sales
- Partnerships with organizations (e.g., BMGF<sup>2</sup>)



**Top 10**  
AtM position

**Access to  
Bayer inno-  
vative brands**

- Tiered pricing (P3)
- Patient affordability programs (PAP)
- Early access plans in development

## Family planning



**~44,000,000**  
women reached



**Double digit m€** in total  
revenue supranationally p.a.



**Self-sufficient unit**  
COGS+ approach with profits  
being reinvested in partnerships

## Broader innovative portfolio



**+1,000,000**  
patients



**Triple digit m€**  
incremental net sales in LMICs



**Positive margin** impact in many  
use cases across countries



# Access for 100m Women to Family Planning

Catalyst for Important Societal and Economic Impact

## Challenges

- // **>200 million women in developing regions** who want to avoid pregnancy are not using safe and effective family planning methods, central to **women's empowerment**
- // Reducing poverty, protecting maternal and child health, driving economic development, and achieving sustainable development
- // **Gender inequality is still high**, teenage pregnancy and maternal death are serious health concerns, especially in LMICs
- // The need to provide reproductive supplies and services will further increase
- // By 2030, an additional 130 million women in LMICs will have entered reproductive age

## How to get there

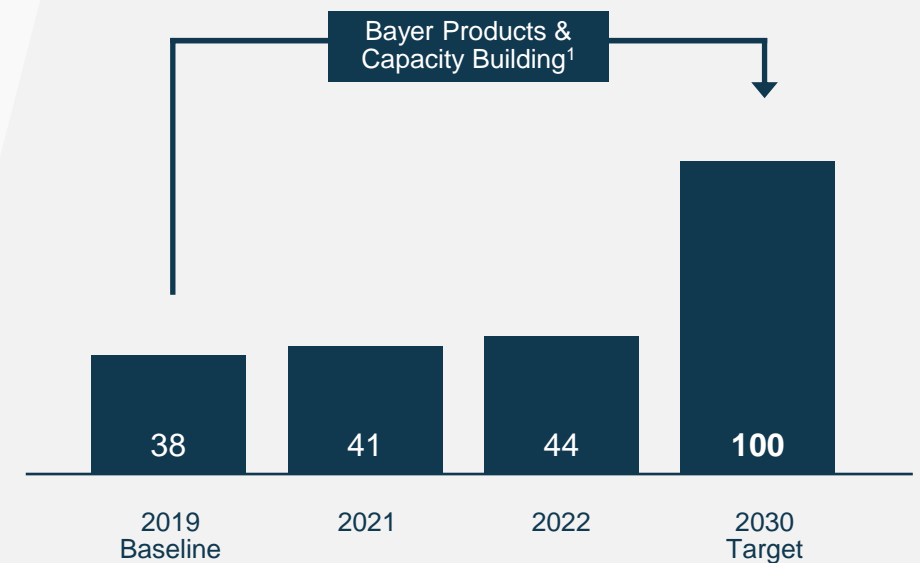
**Capacity building<sup>1</sup>**, e.g., cooperation with urban health project 'The Challenge Initiative' (TCI)

Reaching women in rural areas and humanitarian settings in **cooperation with partners** (e.g., UNFPA, German Red Cross)

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

**Additional supply capacity**, most importantly for long-acting contraceptives: >400m€ investment into Costa Rica and Finland facilities

## Progress



Numbers reflect women using modern contraception (millions)

<sup>1</sup> 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.



# We have delivered against the aspiration – and won't rest

Moving up from rank #16 to rank #9 within 18 months in investor backed AtM Index



One of the **fastest & furthest moves ever** in AtM index history

**Top Ten** in all three AtM index sub-categories

**Biggest jump** in R&D (17→10)

Foundation heralds four Bayer **best practices**

Call for **broader access** in oncology (Nexavar, Nubeqa)





# Bayer Pharma is actively engaged in the fight against neglected tropical diseases

Can we ...

... support the fight against neglected tropical diseases affecting 1bn people?

We have ...

Signed the “**London Declaration on NTDs**” (2012) and “**Kigali Declaration**” (2022) aiming to eliminate 20 of the most devastating NTDs<sup>1</sup>



Established a long-term trusted **partnership with WHO** since 2002, accelerating support of **WHO roadmap 2021 – 2030**

Committed to WHO to **donate** suramin and nifurtimox **as long as needed** to fight African sleeping sickness and Chagas disease

We ...

...develop **emodepside for onchocerciasis** (river blindness)



... partner with WHO to **fight Taeniasis**, the most preventable cause of epilepsy in endemic countries.<sup>2</sup>



... contributed to the 98% reduction in reported HAT cases and a 83% reduction in endemic areas since 2002







# ATM 2022: Four best practice examples with Bayer featured

ACCESS TO  
MEDICINE  
FOUNDATION

DATE  
15 November 2022

## BEST PRACTICE

### A holistic approach to expanding access to contraceptive products

An estimated 200 million women in LMICs who want to avoid pregnancy currently are not using safe and effective means of contraception. Being able to prevent or control the timing of conception and pregnancy can help women and girls to determine their own path in life, strengthen women's role in society, and create many positive impacts across communities.



**Bayer only**

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MEDICINE  
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15 November 2022

## BEST PRACTICE

### Implementing a systematic access planning policy for R&D projects

Pharmaceutical companies need to plan ahead to ensure that new products, once launched, are quickly accessible and affordable for people in low- and middle-income countries (LMICs).

#### COMPANY

Bayer

#### LOCATION

Low- and middle-income countries

#### FOCUS

R&D pipeline projects for communicable and non-communicable diseases (NCDs)

#### ACTION

Implementing a systematic policy to develop access plans and having access plans in place that include many countries in scope of the index

#### AIM

To make all successful products available soon after launch

Bayer introduced a new systematic access planning policy in 2021. It now commits to

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15 November 2022

### Sharing IP assets to facilitate R&D targeting neglected tropical diseases

Pharmaceutical companies hold a wide array of intellectual property (IP) assets that are valuable to product development, from unpublished clinical trial data to libraries of target-specific compounds. While some companies are resistant to sharing IP, others take a more open approach to promote access, often resulting in innovations that benefit low- and middle-income countries (LMICs).



**Together with other companies**

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15 November 2022

### Approvals for new products to treat neglected tropical diseases and infectious diseases

Often, there is little financial incentive for companies to develop products for NTDs and other infectious diseases, which have a disproportionate burden in LMICs. While the 2022 Index finds an overall decrease in R&D activity focused on such diseases, some companies are continuing to invest R&D resources in targeting neglected diseases, leading to positive R&D outcomes.





## Cristina Alonso

- Head of Sustainability, Safety, Health & Environment

# *I&D, Human Rights Governance*

Vision

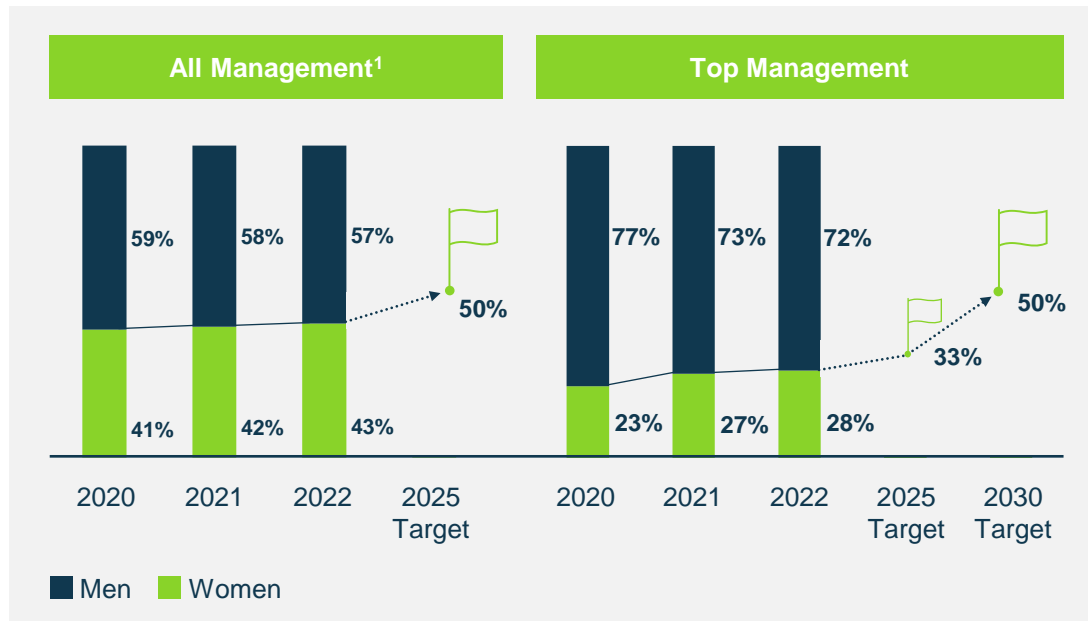
*Health for all,  
hunger for none*



# Inclusion & Diversity

Continuous progress with holistic approach and enhanced measures

## Progress on our gender balance commitments



Further commitments e.g., covering age structure, nationality, experience, LGBTQ+, people with disability

## Measures

- // I&D concepts included in **leader** expectations & dashboard
- // **Talent development** focused on I&D advanced
- // Assessment of **gender pay equity** for 86% of Bayer workforce in 18 countries completed: Gender-specific differences are limited to <2%
- // **Business Resource Groups** with Board mentors help to cultivate an inclusive and diverse company culture:
  - // “GROW”: women
  - // “BLEND”: LGBTQ+<sup>2</sup> employees
  - // “ENABLE”: employees with disability
  - // “BayAfro”: people of African/Black descent
  - // “MERGE”: multigenerational competences



# Human Rights at Bayer

We are on the way to operationalize and fully integrate our Human Rights strategy into business

## Strategy

**2020**

Definition of  
the framework



Operationalization  
and full integration



Strategic positive  
contribution

**2030**

## Strong Governance

- // Commitment to **respect human rights along the value chain**
- // **Strong policy-based framework**, incl. Human Rights Policy, Corporate Compliance Policy, Supplier Code of Conduct, etc.
- // New role of **Human Rights Officer**
- // Extension of **Sustainability Council** by a Business and Human Rights expert
- // First **WBT** on Human Rights launched in 9 languages in 2022

## Risk analysis completed



- // Leveraging **ERM framework and tools**, considering potential impact in own operations, upstream, or downstream
- // **Six priority human rights risks** identified:
  - // Environmental Stewardship
  - // Right to Health
  - // Forced Labor
  - // Child Labor
  - // Working Conditions
  - // Freedom of Association



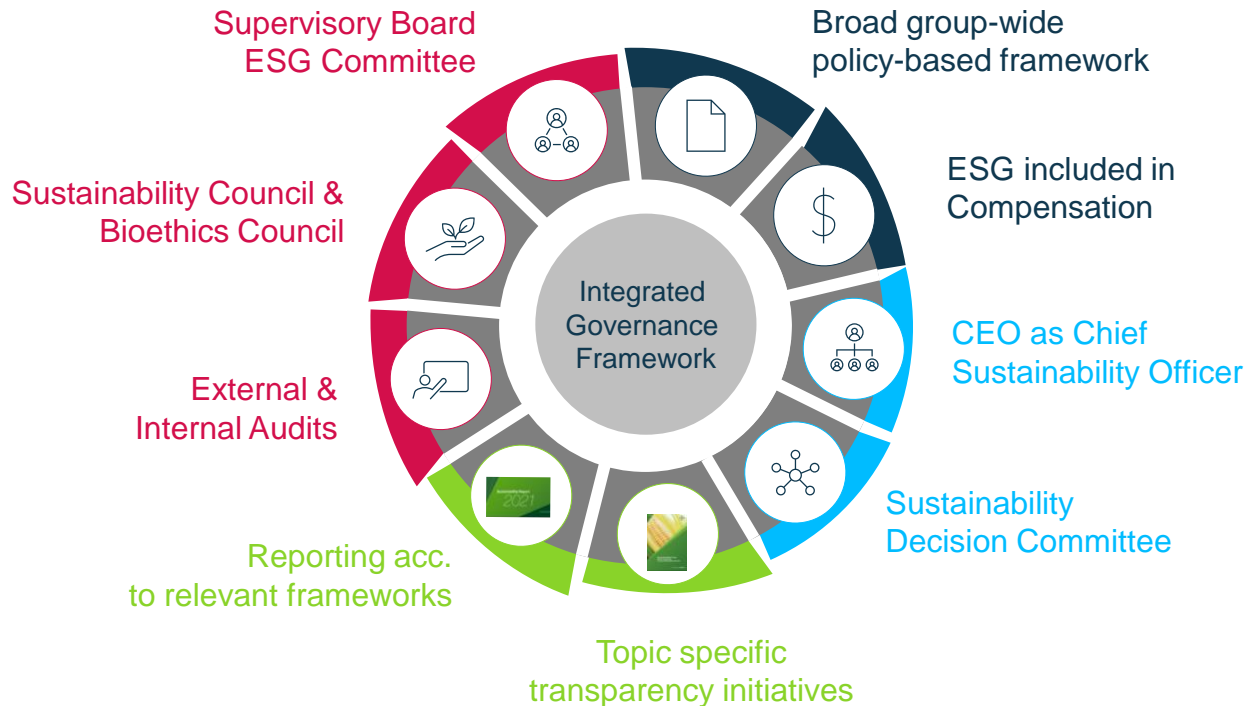
# Bayer's Sustainability Governance framework

Holistic approach ensuring sustainable execution and advancement

## Independent Oversight

## Regulations & Processes

## Latest updates (selected):



- // Reports on [GMOs](#), [UNGC adherence](#), and [Crop Science Sustainability Progress](#)
- // New [Bioethics Council](#) established
- // Extension of [Bayer Science Collaboration Explorer](#) with US launch
- // [OpenLabs 360°](#) launched
- // Progress on climate sphere (e.g., publication of [offsetting approach](#), [updated supplier code of conduct](#), and [industry association climate review](#))

## Reporting & Transparency

## Organizational Setup



The background is a collage of three images: an elderly man in a pink shirt looking down, hands holding green leaves, and hands reaching for a box on a shelf.

# *Recap & Preview*





# Q&A







*Thank you!*







March 16, 2023  
Investor Conference Call  
ESG Update 2022

// *Video recording will be  
available soon*

