

# Sustainability is a Core Element of our Strategic Alignment

## Dear stakeholders of Bayer,

2020 was anything but a normal year. The pandemic had devastating consequences: More than two million people have died worldwide and several hundred million have lost their jobs. The virus has turned the reality of countless companies, employees and their families upside down, and Bayer and its employees are no exception.

At the same time, the pandemic is a setback for sustainable development. In addition to the health risks, the fight against hunger and inequality throughout the world has been massively impeded by COVID-19. Nevertheless, I do find it encouraging that the major issues of climate change and the growing world population are still given the priority they deserve. The topic of sustainability was only briefly superseded by COVID-19 and remains at the top of the global agenda. Experts agree that the recovery following the pandemic must take into account the ecological limits of the planet.

For Bayer, 2020 was also the first year of our new sustainability strategy, with which we have set ambitious social and ecological targets aligned to the Sustainable Development Goals (SDGs) of the United Nations. This report will demonstrate just how far we've come in this respect. To be honest, I'm very proud of the progress we've made in such a historically challenging year:

- // We aligned the variable compensation of the Board of Management and managerial employees to the sustainability targets.
- // We established a specific timetable for all sustainability targets through 2030 and provided it with auditable indicators.
- // We created an external Sustainability Council comprising leading experts who now engage in regular dialogue with the Board of Management.
- // The Science Based Targets initiative audited our climate protection targets and confirmed that Bayer is helping to limit global warming to 1.5 degrees Celsius and fulfill the Paris Agreement. In addition, we have committed to the climate target of "net zero emissions" by 2050.
- // We aim to increase the proportion of women in top management to at least 33 percent by 2025 and to 50 percent by 2030.

In the implementation of our sustainability strategy, we are focusing on transparency and continuity. We say what we do, and we do what we say. Above all, however, we regard sustainability not as an additional activity, but rather as a core element of our strategic and normative alignment.

We invest in research and development, and thus in tomorrow's innovative business models. That has always been the secret of Bayer's success, and it is also the key to transitioning to a sustainable economy.



Bayer CEO Werner Baumann

The opposite of that – a sustainability strategy based above all on sacrifice and restrictions – would fail doubly because it neither leads to sufficient ecological improvements nor meets with the necessary societal acceptance. I am convinced that sustainable development for what is already a world population of just under eight billion people can only succeed through a market economy system. With the right incentives, this also means that companies can only be successful if they truly operate sustainably.

Furthermore, I believe that Bayer's entrepreneurial and social responsibility go hand in hand. We want to make a key contribution to the SDGs with our businesses – guided by the principles of the U.N. Global Compact and in keeping with our vision "Health for all, hunger for none."

This is Bayer's approach and aspiration. And it is what we want to be judged on.

Sincerely,

**Werner Baumann**

Chairman of the Board of Management of Bayer AG  
Chief Sustainability Officer