



BAYER AG

Bayer is a German conglomerate composed of four key divisions: Pharmaceuticals, Crop Science, Consumer Health, and Animal Health.

July 2020

ESG Integration in Action—Case Study

How engagement helped to underpin our investment thesis.

Investment Case

- Bayer had been generating a healthy free cash flow yield and was allocating capital efficiently.
- Litigation risk relating to claims its Roundup herbicide causes cancer, prompted blanket selling from worried investors.
- Our engagements on ESG topics such as board oversight, product sustainability, lobbying practices, and ESG accountability, helped us gain confidence that the company was working to resolve these issues (many of which had been inherited from the acquisition of Monsanto). In early 2020, Bayer unveiled a new sustainability strategy, which included a clear accountability structure for ESG and a commitment to redevelop its pesticide products to meet more sustainable standards.



Johnny Rowles
Health Care Sector
Equity Analyst

“Bayer’s goal is to integrate sustainability into its core business strategy.”

ESG IN DEPTH

- Bayer recently announced a comprehensive set of sustainability measures and new commitments from 2020 onward, including expanding global access to consumer health and pharmaceutical products, and achieving carbon neutrality in its operations by 2030.
- Bayer’s CEO was appointed Chief Sustainability Officer, assuming responsibility for sustainability issues in a move that strengthens ESG accountability. The company has also announced plans to hire an independent sustainability council to support target setting and ensure it stays ahead of sustainability trends.
- Bayer announced improved guidelines and oversight of practices it had used to influence public opinion and regulators on its products. The move involved terminating many of the public relations and lobbying activities that had been conducted by Monsanto.

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