

# THE ECONOMIC CLUB

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## **Signature Event**

**Bill Anderson**

**Speaker**

**Bill Anderson**

**Chief Executive Officer**

**Bayer AG**

**Moderator**

**David M. Rubenstein**

**Chairman**

**The Economic Club of Washington, D.C.**

**Washington, D.C.**

**Thursday, November 16, 2023**

DAVID M. RUBENSTEIN: Today, we're fortunate to have Bill Anderson here. He is the CEO of Bayer AG, which is, among other things, the manufacturer of Bayer aspirin. And has anybody here not used Bayer aspirin? Anybody? OK, so in case anybody needs it, I have Bayer aspirin. OK.

And Bill, by background, is a graduate of the University of Texas, and a graduate as well of MIT, where he has a degree from the Sloan School and master's in management, and also a chemical engineer degree. He is a chemical engineer by training from University of Texas. He has had a number of different important positions in the corporate world, including the CEO of Genentech. And then he oversaw the – large parts of Roche, which later – which eventually bought Genentech. And now he was recruited not too long ago to run Bayer AG. And he lives in Germany, where the company is headquartered, but he's lived in many other parts of Europe as well as the United States.

So, thank you for coming here. What brings you to Washington, by the way?

BILL ANDERSON: Oh, you know, opportunity to interact with policymakers, lawmakers, and talk about, yeah, some progress that we think is important in the – in the agriculture space, in terms of providing regulatory clarity for, yeah, crop protection.

MR. RUBENSTEIN: OK. So, when you meet with members of Congress, is that, you know, uplifting or make you feel better about America, or what? [Laughter.]

MR. ANDERSON: Yeah, actually. I would say the individual members are generally fine – to be quite – fine people. But somehow the system's not working that well right now, is it?

MR. RUBENSTEIN: You've noticed? Yes. [Laughter.] OK, so let's talk about Bayer for a moment. So, I'm not an expert in medicine, but Bayer aspirin seems to be the most famous of the kind of painkillers. But is aspirin something that Bayer invented?

MR. ANDERSON: Actually, aspirin is something that Bayer invented. In fact, it's a trade name. Salicylic acid is the – is the molecule. And aspirin is the Bayer –

MR. RUBENSTEIN: OK, so before Bayer invented aspirin, for thousands of years what did people do for painkillers?

MR. ANDERSON: I think they used a hammer. [Laughter.]

MR. RUBENSTEIN: Right. OK. I thought that there were things that people used that was the equivalent of it, but Bayer –

MR. ANDERSON: I'm not sure, to be honest.

MR. RUBENSTEIN: OK. So anyway –

MR. ANDERSON: I don't go that far back.

MR. RUBENSTEIN: OK, well I do. I do.

MR. ANDERSON: I think it was invented in 1897, so.

MR. RUBENSTEIN: OK. So, is it better than something called Tylenol? [Laughter.]

MR. ANDERSON: You know, it's very difficult to compare medicines of – especially of different categories or different classes. I had a little mishap a few years ago and I ended up not on aspirin or Tylenol, but on the ingredient – in America it's called Aleve.

MR. RUBENSTEIN: And that's a product that Bayer makes also?

MR. ANDERSON: That's a product that Bayer makes. So that was before I joined Bayer, but it was definitely a very important product for me.

MR. RUBENSTEIN: Well, this is when you were skateboarding, and you broke your femur?

MR. ANDERSON: Yes. [Laughter.]

MR. RUBENSTEIN: And are you still skateboarding or?

MR. ANDERSON: You know, it's funny. When I showed up at the hospital, the ambulance driver actually had brought my skateboard along. And my wife was at the door. I broke my femur in four pieces. Don't do that. I really wouldn't recommend it. My wife saw the skateboard. The ambulance driver brought it in and said, oh, here's your skateboard. And my wife said, no, you take it. [Laughter.] But I held on to it. But afterwards, when I recovered, and I started to skateboard a little bit. And then my wife said, you know, Bill, I think it's time to give it up. So, no. I'm done.

MR. RUBENSTEIN: So how old were you when you were skateboarding still?

MR. ANDERSON: How old was I? Let me think. Fifty, 55? Yeah.

MR. RUBENSTEIN: Really?

MR. ANDERSON: Yeah, but I started when I was about five. And I had 50 years with no broken bones. So, you know.

MR. RUBENSTEIN: OK. All right. So today, if you go to a hospital and you need a painkiller, you'd highly recommend that people give you Aleve, or Bayer, or Tylenol, or?

MR. ANDERSON: It depends on what you need. The reason Aleve was important to me is that it lasts 12 hours. And so, if you're – if you're – you know, if you're trying to sleep through the night and your pain reliever is wearing off in four or five hours, then that's kind of tough.

MR. RUBENSTEIN: OK. You could try morphine too, but – [laughter] – all right. So let me ask you. In the last 20 years or so, 30 years, doctors have said to avoid a heart attack it might be a good idea to take a Bayer aspirin, or an aspirin, once a day. What do you think of that?

MR. ANDERSON: I think if you're – if you're curious on the topic, you should talk to your doctor about it. I am a chemical engineer, but I'm not a doctor. What I do know is what – it's known to prevent secondary events of a second heart attack, a second ischemic stroke. And so that's where it's used the most.

MR. RUBENSTEIN: OK. So today you manufacture Bayer aspirin under – as part of the consumer division that your company has. You have three divisions – consumer, pharmaceutical, and you'll call it crop science, let's say. Let's go through each of them. In consumer, what is it that you have as a product other than Bayer aspirin?

MR. ANDERSON: Well, there's too many brands to name, but some that you would know of, things like Alka-Seltzer. Some of you might have used that occasionally in the morning, in particular. But other things, like Aleve, Midol, Claritin for allergies. We have a new – a new nonsteroidal antihistamine that is – or, sorry – decongestant that that's called Astepro. And then there's a bunch of others.

MR. RUBENSTEIN: OK. So how many different products do you have in the consumer area?

MR. ANDERSON: Well –

MR. RUBENSTEIN: A thousand?

MR. ANDERSON: No, but hundreds.

MR. RUBENSTEIN: Hundreds.

MR. ANDERSON: Because we – because believe it or not, even though the world – for example, there's Coca-Cola in pretty much every country. But when it comes to consumer health, there's different brands and different products in different countries. It just evolved that way. So, we have a very different portfolio in Germany than we have in Brazil, or Japan, or the U.S.

MR. RUBENSTEIN: OK. How is the consumer business generally for companies like yours? Consumer products, which are ones you don't need a prescription for, is that a booming business, or dying business, or what?

MR. ANDERSON: It's a good business, because it's a general trend towards people wanting to take care of themselves and without having to see a medical professional. So, it's been a – you know, a healthy growth area, probably 5-6 percent market growth for the last decade.

MR. RUBENSTEIN: And the margins on that are better than or not as good as pharmaceutical product?

MR. ANDERSON: They're generally lower than the patented, you know, kind of prescription medicine.

MR. RUBENSTEIN: If you have a prescription medicine and it's on patent, when it goes off patent does that become a consumer product because anybody can buy it without a prescription, or it's – you still need a prescription?

MR. ANDERSON: Yeah, let me explain that. When it goes off patent, that doesn't affect the prescription status. So, in order for it to become a consumer health medicine, it needs to go through what's called an Rx to over-the-counter switch. And so, a company has to provide evidence to regulators, like the FDA, that, hey, this medicine actually, you know, with certain labeling and such, it ought to be available over-the-counter. That now that we've had enough, maybe 20 years of use of this product, we know it well enough that it ought to be able to be purchased without a prescription.

MR. RUBENSTEIN: OK. So, most consumer products that you sell, and maybe similar companies, do you develop them yourself? Or do you basically buy them from somebody else because you make an acquisition?

MR. ANDERSON: So, if you look at ours, some of them were prescription medicines that we developed, and others were prescription medicines that somebody else developed and sold. But then, because we have a specialty in consumer health, that we took it from prescription to over-the-counter ourselves.

MR. RUBENSTEIN: All right. So, talk about pharmaceutical. In pharmaceutical, you're developing new drugs, typically that will require a prescription. But do you tend to develop them internally or do you do more acquisitions of people who have already developed these kinds of products?

MR. ANDERSON: Sure. We have some internal research, and then we supplement that with quite a bit of sourcing outside. Because even the largest pharmaceutical companies, they might have, I don't know, 1 percent of the innovation that's going on in life science in house. That means 99 percent is going on somewhere else. And so, you really need to supplement your internal research with what's going on in universities, what's going on in small companies, yeah.

MR. RUBENSTEIN: So, what are your best-known pharmaceutical products?

MR. ANDERSON: Well, we have – we have one that's the largest seller in the world, which is called Xarelto. And anyone in here been on Xarelto?

MR. RUBENSTEIN: Nobody wants to admit it, but what does it do? Is that –

MR. ANDERSON: Yeah, it's not – actually, I say it because I ended up on it twice, associated with my broken femur. Again, both times before I joined Bayer. It's used to prevent blood clots. And in, for example, post-surgery that – and many – a number of uses. But that's one of the

most common ones. So, some of you may have taken it and you didn't want to – you didn't want to raise your hand. It's OK.

MR. RUBENSTEIN: So pharmaceutical products, what is the biggest focus now? Is it to prevent Alzheimer's? Is that one of the biggest things that new people – that people are doing in the pharmaceutical world? Is trying to come up with something for that?

MR. ANDERSON: You know, there's a lot of research in Alzheimer's. But there's – the bottom line is, the biopharmaceutical industry has made tremendous progress on a lot of diseases over the last 30 years. But we still got a lot of diseases with a lot of room to go. And so, it's really across the board. Neurological diseases, cancers, heart disease, diabetes. It's a huge open field.

MR. RUBENSTEIN: OK. What about Viagra? You don't make an equivalent of that, right?

MR. ANDERSON: Ah, no.

MR. RUBENSTEIN: You're not in that business?

MR. ANDERSON: Nope. [Laughter.]

MR. RUBENSTEIN: OK. Not of interest or not profitable?

MR. ANDERSON: I think it's well satisfied. [Laughter.]

MR. RUBENSTEIN: I don't know if I'd use the word "satisfied" but OK. [Laughter.] OK, so let's talk about your other business, which is crop science. Now, for those who don't know, a number of years ago before you were there Bayer bought, for \$63 billion, a company called Monsanto, which was a company that kind of made itself into an agricultural science company. Now your market cap is roughly \$40-some billion dollars. So, somebody before you got there. They spent \$63 billion. And now they have that, plus the rest of your company. And all of it together is worth \$40 billion. So, it couldn't have been a great acquisition, right?

MR. ANDERSON: Hmm. So, you're saying you don't need a finance degree to understand that?

MR. RUBENSTEIN: Right, probably not. [Laughter.]

MR. ANDERSON: Yeah. Yeah.

MR. RUBENSTEIN: Why did it become worth less than \$63 billion? What was the biggest challenge that you have with Monsanto?

MR. ANDERSON: Well, first off, let me just say, the strategic rationale for that acquisition was brilliant, because Bayer was a leading producer of crop protection chemicals. And Monsanto was a leading producer of seeds and so-called traits. Traits are the things that allow, you know, a

plant to actually have insect resistance built in, or to be tolerant to herbicide. So, Monsanto was leading in the one field; Bayer had very important leads in the other. You put them together, and you have an opportunity to bring to farmers sort of complete solutions. And we should talk some more about that, because there's a lot of important future uses there.

But what went wrong? The biggest factor was related to litigation on glyphosate, which is the active ingredient in Roundup. And –

MR. RUBENSTEIN: For those who don't know, and a lot of people here are probably not in the – any farmers here? I don't think so. So, if you're a farmer, you use Roundup, which is your brand name for a product that, I guess, enables the crop to grow but kills the weeds. And therefore, it makes it more efficient to grow the product. Why was Roundup the subject of so much litigation?

MR. ANDERSON: Yeah. The challenge has been around some confusion about the safety of glyphosate. And basically, in fact, it was announced earlier today – as an example, the European Union just extended the approval of glyphosate in the EU for another 10 years. It's been, you know, seal of approval by the EPA and the U.S. Department of Agriculture since its origin. But, you know, there's a small proportion of people in this space of toxicology who think that it causes cancer. And, again, the company, we think the evidence is super clear. This is a very safe and very important agricultural chemical. But, you know –

MR. RUBENSTEIN: Let's suppose that's true. Why would you have paid out billions of dollars in settlements? Why pay out that much money if it's not true?

MR. ANDERSON: Yeah. [Laughter.] I think that's sort of in the category of life's not fair.

MR. RUBENSTEIN: Right. OK. So, you're continuing to use the product. You've paid lots of money out. But why is it so important that we have this product? People grew products, agricultural products, for, presumably, thousands of years without this product? Why is it such a great product?

MR. ANDERSON: Yeah. I think it's pretty simple. If you – if you go back to the 1970s, and 1980s, we had three and a half billion people in the world. And you will recall those of you who are old enough to remember, that we had quite a few famines. And now we have 8 billion people in the world. And we've not solved the food security issues in the world, but we actually are in better shape today than we were then. And we don't have more land in cultivation.

What we have is we have much better agricultural technology. And glyphosate is probably the leading example of this, where we – you know, we were able to engineer crops to be resistant to glyphosate. And basically, you can take out the weeds and the crops thrive. And so, the yields go up, we can feed the world, we can provide clothing through cotton and other things for the world. And so, this is an essential product.

And many of you have heard of no-till farming, as an example. No-till farming is now the standard practice in America. And that's enabled by glyphosate. You basically – you can't

do it on the scale we do it without glyphosate. So just to make it real, just two statistics. It's been recently estimated that without glyphosate in America, the cost of the average grocery bill for a family of four would go up by 48 percent, OK? Or, taking glyphosate out of agriculture in America would be the equivalent, from a carbon emissions standpoint, of putting 6.8 million additional cars on the road.

MR. RUBENSTEIN: OK. So, you're saying it's a good thing, even though some lawyers don't like it so much. All right. So right now, you had an earnings call not long ago. And in that earnings call, you said, more or less – if I got it right – that you were open to selling one of your three divisions or hiving one or more of them off. You have consumer, pharmaceutical, and crop science. So, what did you mean by that? Are you thinking of selling one division, or spinning it out, or what can you say about that beyond what you've already said?

MR. ANDERSON: Yeah. Well, we have a challenge in that we have a company with approximately \$50 billion in revenues. And this year, our cash flow, after litigation and settlements related to glyphosate, is essentially zero. And we have a fair amount of debt on the balance sheet that's associated with the acquisition of Monsanto. And we – yeah, we need to do something about that. And so, we're evaluating a number of things.

MR. RUBENSTEIN: OK. And do you have a good investment banker helping you, or something like that? [Laughter.] Or are there enough investment bankers interested in advising you?

MR. ANDERSON: Yeah, yeah. We've had no shortage of volunteers. [Laughter.]

MR. RUBENSTEIN: OK.

MR. ANDERSON: Yeah.

MR. RUBENSTEIN: So today, your company is competing against who? You're competing against other pharmaceutical companies, other consumer product companies, other crop science companies? Is there one major competitor or two that you have, or no one company that you're competing with?

MR. ANDERSON: You know, it depends which division we're talking about. You know, I think in – our big competition is – and our big motivation – is what we need to deliver for the world. You know, for example, we have 8 billion people today, and we haven't solved food security for the world. We're going to have 10 billion people by 2050. And we're going to have less water, we're going to have less land, and we got to feed those 10 billion people. And so, our crop science folks are working overtime. We're the – we're the leading R&D investor in agriculture in the world. We got to solve that.

MR. RUBENSTEIN: Right. So, I'm not, obviously, an agriculture expert or a farmer by background. You can probably figure that out. So why is it so bad to have weeds? If you have a product, you're growing a crop, and you have some – a few weeds. So why is that so bad?

MR. ANDERSON: Yeah. Basically, weeds grow better than crops. And if you – if you don't deal with the weeds, depending on the country, you can lose 80-90 percent of your yield. It depends. Again, different climates. But if you're in Texas or you're in Brazil, your crops don't have a chance.

MR. RUBENSTEIN: OK. What about pesticides? Is that – what your product is is different than a pesticide, because it's not killing bugs. You're killing weeds, right?

MR. ANDERSON: Yeah. You can think about three categories in general. The things that take out crops are weeds, insects, and fungi. And so, you know, fungicides, insecticides, and herbicides. And we deal with all three of those.

MR. RUBENSTEIN: OK, so you do pesticides as well?

MR. ANDERSON: Yeah. Yeah.

MR. RUBENSTEIN: OK. So, today you're in Washington, D.C. Are there particular regulations or legislation you're trying to get Congress to do, or administration to do?

MR. ANDERSON: Yeah. Let me describe a world, and we can see what our – what our audience thinks about this. Imagine you had a situation in the U.S. where companies spend 10 years and \$2 billion to approve a new medicine. And the FDA approves the label. And you take it out to patients and doctors around the country.

But then states start to say, actually, we don't like the FDA label. We're going to give it a different label in our state. And, you know, the FDA says it's effective for this. But Texas says, no, it's not effective for that. And California says something else. You know, that not only would create chaos in the market, but it would provide an uncertainty that would prevent future medicines from being developed, OK? I think hopefully most of us could agree that that would be a bad system. That's the system we have today in the case of herbicides, insecticides –

MR. RUBENSTEIN: In the United States. What about in Europe?

MR. ANDERSON: This is a uniquely American problem.

MR. RUBENSTEIN: Oh, so Europe is easy to deal with.

MR. ANDERSON: There's other challenges in Europe. [Laughter.]

MR. RUBENSTEIN: OK.

MR. ANDERSON: But the idea that, you know, we have an EPA-approved label, and then, oh, we got to deal with a label from a state that says something that's not just different or sort of complimentary, but it's contradictory.

MR. RUBENSTEIN: OK. All right. So, you're now an American who is living in Germany. Do you speak German?

MR. ANDERSON: Depends on who you ask. [Laughter.]

MR. RUBENSTEIN: OK. Well, how about the German executives in your company?

MR. ANDERSON: Well, I'll put it this way. Before April of this year, I didn't speak German. And now I'm getting by. So yeah.

MR. RUBENSTEIN: So, your board meetings or other things are in German? And how do you keep up with what's going on?

MR. ANDERSON: I listen.

MR. RUBENSTEIN: Oh, but you can understand German?

MR. ANDERSON: Yeah, I'm getting pretty good at – it's hard work. I had to do this early in my career. I learned French for job I had in Belgium. And so, I know what it takes. It's a lot of hard work. But it pays off.

MR. RUBENSTEIN: So, and speaking of paying off, in the United States the CEOs of American companies are criticized sometimes for getting such high pay compared to the lowest paid worker in the organization. That criticism isn't leveled as much as against European CEOs. So, are you on the European CEO compensation model or the American CEO compensation model? [Laughter.]

MR. ANDERSON: I'm on the European compensation model.

MR. RUBENSTEIN: So how would you get yourself converted to the American one? Have you thought about moving a company to America, or? [Laughter.]

MR. ANDERSON: I mean, in Europe there's an idea of social cohesion that, frankly, I think that's a pretty important concept. And, you know, look, I think we all have to ask ourselves about what – you know, what is reasonable in compensation? And I think – frankly, I think one of the reasons that we've lost the confidence of working people, in many cases, is that they – you know, they don't sense that the system is fair. So, you know, I just – look and I don't claim any moral high ground on this, but I just think it's a topic we all – we all ought to be thinking about.

MR. RUBENSTEIN: OK, so you were president and CEO of Genentech for a while. And that was one of the first, if not the first, biotech publicly traded company.

MR. ANDERSON: It was the first.

MR. RUBENSTEIN: What did they actually develop that was so revolutionary?

MR. ANDERSON: Oh, there were a number of things that were developed before I got there that were – you know, probably the biggest breakthroughs were three big cancer medicines that had huge effect in lymphoma and breast cancer, and then one called Avastin that covered a number of different types of tumors. And then, more recently, while I was there, we developed the leading therapy for multiple sclerosis, leading therapy for hemophilia A, leading therapy for spinal muscular atrophy – some really serious diseases.

MR. RUBENSTEIN: OK. And so, you ran that company. Then you – was it you that decided to sell it to Roche?

MR. ANDERSON: No, that happened before I was CEO.

MR. RUBENSTEIN: OK. So, you were – you were the head of Genentech, they sold –they'd already sold it to Roche?

MR. ANDERSON: Yeah.

MR. RUBENSTEIN: But you moved to Switzerland?

MR. ANDERSON: I did. I did.

MR. RUBENSTEIN: And what was that like?

MR. ANDERSON: You know, it was a very, very important learning experience. And I know members of the audience have lived in different countries. One thing I observe is, in particular with the small countries like – we lived in Switzerland, my daughter lives in Singapore. There's this concept called too small to fail. And if you haven't heard of it, just think about it a little and what that means, and then how does that apply to what we see going on in America today?

You know, people in a country like Switzerland, they've been surrounded by often hostile nations for their whole history, for 400 years. People in Switzerland don't get up in the morning and think there'll always be a Switzerland. They think, what are we going to do today to make sure that we can preserve our country? And that's true in Singapore as well. And these countries, the smaller countries, they put what's good for the country first. And then, you know, of course there's differences of opinion about how to best accomplish various goals. But they have learned the discipline of putting the country first.

MR. RUBENSTEIN: OK. And you don't – do you think our members of Congress do that too?

MR. ANDERSON: You know, I used to blame politicians, OK? But then I realized, hey, this is a democracy. It's kind of hypocritical to blame politicians if you're in a democracy and things aren't going well. It's not the politicians' fault.

MR. RUBENSTEIN: It's the fault of the voters, or?

MR. ANDERSON: Well, you know, we all make decisions every day. And I would say, for me, the most significant one – this was – I think Solzhenitsyn said, the line between good and evil doesn't run between you and me; it runs right through the middle of each of us. And I think if we have a political situation where the other side is the enemy, or the other side is evil, or the other side is beyond the pale, that's totally toxic. And that's not what America was based on. And, you know, I think the people of America are going to have to wake up to this.

MR. RUBENSTEIN: So, you've had a very distinguished corporate career. And hopefully, if you can solve the Roundup problem, you'll have an even more distinguished corporate career. But have you ever thought about doing something really helpful to the country by going into government or public service?

MR. ANDERSON: Hmm. You know, it's funny, I have a really bad track record at thinking about what I'm – of thinking what I'm going to be doing in the future. You know, for example, a year ago I had no inkling that I would be living in Germany, speaking German, you know, working in crop science. And so, I – yeah, I try to – I try to make the most of each day and –

MR. RUBENSTEIN: So, when you called your wife and said, we're moving to Germany, what did she say?

MR. ANDERSON: Hmm. It was very quiet for a while. No, my wife is amazing. I mean, we've moved 13 times. We've lived in – this is our sixth country. We've raised three kids in that. And she's – yeah, she's a total rock star. And she said, you know, basically what I said. We didn't have a good excuse not to go. We thought, hey, this is an opportunity to partner with 100,000 great men and women that are doing an important mission. And how can we not do that? And the fact that it's an inconvenience to move and all that, you know, that's kind of a lame – for us, that would be a lame excuse. We said, we got to do it.

MR. RUBENSTEIN: OK. So, she's worked out, right?

MR. ANDERSON: Yeah. [Laughter.]

MR. RUBENSTEIN: All right. And you're not likely to leave this position anytime soon, because you just got it. But when you got the position, did they tell you you had all these problems with Roundup, and you were going to be doing litigation? And did you know all that when you took this position?

MR. ANDERSON: Sure. Oh, yeah. I knew about it.

MR. RUBENSTEIN: And it didn't bother you?

MR. ANDERSON: You know, I guess for me a lot of what's interesting in life is to make the best of a situation, you know, and to try to –

MR. RUBENSTEIN: Yeah. All right. So, your market cap is roughly \$40 billion. Suppose somebody came along and said, we'll pay you \$50 billion for the whole company. You wouldn't sell the whole company, just let somebody else deal with it?

MR. ANDERSON: No way. No way. Oh, no. No, no. We have – we have an amazing future. And that would be – yeah, that would be the – that would be the bargain of the century.

MR. RUBENSTEIN: OK. So, is buying your stock a bargain of the century, would you say? Would that be a good investment for me, if I wanted to buy your stock now, because you're probably going to do very well?

MR. ANDERSON: Hey, yeah. I think we've got a great mission. We're going to – we're going to bring really important products in human health and feeding the world. We've got things going on that are amazing in terms of carbon sequestration in the fields, to short stature corn to increase yields and to decrease water use. We're looking at renewable aviation fuels out of – out of crop seeds that can be grown between other crops. I mean, it's, yeah. What we're doing – we have novel cell therapy for Parkinson's disease. We showed phase one data recently. It's amazing. Producing – dopamine producing cells inserted in the brains of people with Parkinson's. We're just getting started – 160 years young.

MR. RUBENSTEIN: OK. So, as you – now you're part of a European company. Is it easier to be part of a European company when you're going around the world than to be a part of an American company? Because America has maybe a few more enemies than Europe has? Or does it make a difference?

MR. ANDERSON: I don't think it makes such a difference. I think the – you know, what is a European company? What is an American company? You know, we have 20,000 employees in America. We have – a lot of our most important R&D is happening in America. I've worked for American companies. I've been based in Europe working for an American company. I've been in America working for a European company. Yeah, it's –

MR. RUBENSTEIN: It doesn't make a difference?

MR. ANDERSON: I don't think it makes much difference.

MR. RUBENSTEIN: OK. And so, being a corporate CEO, how much time are you on the road traveling now?

MR. ANDERSON: I don't know, 30 percent?

MR. RUBENSTEIN: And you find that you're meeting with employees, you're meeting with customers, or government regulators? Who are you mostly meeting with?

MR. ANDERSON: That group. I have to say, I don't – I don't view my role as mostly being out there kind of pressing the flesh, you know, meeting customers and things. I need to stay informed, but my role is to help the company be more effective. And if I'm flying around the

world all the time, I'm not really helping the company be more effective. You know, it's much more working with leaders across the company on how do you – how do you take out the bureaucracy and unleash the power of the people doing the work?

MR. RUBENSTEIN: OK. So, when you think about the message you want to convey to people, what is it about your company? You want to convey to people that Bayer AG has been around 149 years? Or that it's got a problem with Roundup, but it's not that big a problem? What is the main message you want to convey to people?

MR. ANDERSON: I think I would say two things. That, first, this is a very important company for the future of, yeah, being able to feed the world and do it in a more sustainable way. Bringing important cures for significant diseases and helping people kind of take care of their own healthcare needs. But it's also a company that is going to be, we hope, a case study in really streamlining the work of 100,000-person organization. Because big companies – and I've worked for a number of large companies – tend to be slow. And that's a problem. And, frankly, it's a problem for customers, but it's a problem for employees.

As you know, who wants to work – by the way, our kids, they don't want to go to work for big, slow, bureaucratic companies with 10 layers. You know, they want to go somewhere where there's action, and where people – you know, the people doing the work are making the decisions. And we're going to do that at Bayer.

MR. RUBENSTEIN: So how many employees do you have total?

MR. ANDERSON: Hundred thousand.

MR. RUBENSTEIN: Hundred thousand. And how many of them come to the office and actually work out of the office?

MR. ANDERSON: Well, of course, we have lots of people that are in the field. You know, when you're – when you're selling to farmers and you're servicing farmers, you have lots of people that are basically out on the farm. So, of the people who are office based, I think probably people are spending three or four days a week in the office.

MR. RUBENSTEIN: And what do you do about ESG and climate change? Is your company trying to do something to reduce your carbon footprint?

MR. ANDERSON: Absolutely. We're doing the same kinds of things that other companies are doing in terms of trying to, yeah, be more energy efficient, that sort of thing. But way beyond that, I mean, our impact in the agriculture space is tremendous. I mean, you have to understand, agriculture is a major source of global warming. But it also can be a major part of the solutions. You know, take something like how do we do renewable aviation fuel? I mean, that's going to be an agriculture-based solution, most likely. But we need innovation there. You know, we're probably going to need some novel oil seeds to do that. And that's where Bayer comes in.

MR. RUBENSTEIN: So, if you're in the agriculture business, do you, like, grow your own tomatoes in your backyard? Or just kind of experiment with agriculture? Do you do any agriculture, farming yourself?

MR. ANDERSON: Actually, I am a hobbyist gardener. But I'm – I hate to say it – I don't grow a lot of vegetables. More, you know, tree fruits and things like that, yeah.

MR. RUBENSTEIN: All right, you're not going to branch out into other areas in your farming?

MR. ANDERSON: Probably don't have time for it. [Laughter.]

MR. RUBENSTEIN: OK. So today, you would say your biggest challenge as a company is to grow the market value and have people just not paying as much attention to the crop science litigation problem? Is that what you say your biggest challenge is?

MR. ANDERSON: I think we – I think we have to solve the issue at the root of, on the litigation thing. And, frankly, that's a big problem for America. You know, we're not the only large company that is the focus of the attacks. And this is a – this is a highly sophisticated thing. You know, the, the tort lawyers are raising somewhere between \$3 and \$5 billion a year in in private equity.

MR. RUBENSTEIN: Not from me, but.

MR. ANDERSON: No, that's – [laughter]. But, you know, this is – this is a challenge, right?

MR. RUBENSTEIN: You're saying what they do is there are law firms that basically raise money from investors, designed to fund the lawsuit expenses, and they get a cut of the recovery, more or less, right?

MR. ANDERSON: Yeah. And, for example, you don't have to win every case, if you're in that business. You just need to win the occasional case and get, you know, some astronomical jury award. And then that's enough to bring big companies to their knees. And, you know, this is a uniquely American phenomenon. And it's going to be a problem for American industry. It's not going away.

MR. RUBENSTEIN: And you typically settle these cases, or do you take them to a jury?

MR. ANDERSON: It's complicated. I won't get into our legal strategy, but, yeah.

MR. RUBENSTEIN: All right. So, you don't have this problem in Europe, or you don't have this problem in Asia, in terms of this kind of litigation? Doesn't exist there?

MR. ANDERSON: So other countries have product liability law. But the uniquely American part is really the scale of things and the – and the size of the awards, and just what that – what that does in terms of fueling an industry.

MR. RUBENSTEIN: OK. So, this doesn't discourage you from wanting to sell more products in the U.S., because it's such a big market, I assume. You just have to live with the cost of doing it?

MR. ANDERSON: Well, I think it is a barrier to future innovation. You know, if you – it's back to that regulatory regime that I mentioned. If you have an unsteady regulatory regime in a nation – and this is a relatively new phenomenon. For 50 years, FIFRA meant that – you know, that you had a federal standard, and that that was the standard. But that's been undermined in the courts in recent years. And there's an opportunity to clarify that, you know, legislatively. But right now, we're dealing with that unstable regulatory regime.

And that's a problem for the industry. It's a problem for farmers, for growers. It's – yeah.

MR. RUBENSTEIN: OK. So, you've said you've hired some investment bankers. I guess lots of other consultants, to figure out what to do, sell things, not sell things. How long do you think it'll take before you come to a decision on this?

MR. ANDERSON: We've said we'll provide an update on what we think the best plans are in March. And we'll continue to evaluate all our options. You know, we have to be open.

MR. RUBENSTEIN: So, when you do earnings calls, as you did recently, you didn't blame your predecessors particularly. I would have done that. I'd say they made this acquisition. I didn't do that. [Laughter.] So how do you avoid blaming your predecessors? Why don't you just say, look, it's not my fault this problem exists? Or that's not your approach? That's what I would do.

MR. ANDERSON: You probably wouldn't. You're –

MR. RUBENSTEIN: You don't know me, but I would. [Laughter.]

MR. ANDERSON: Monday morning quarterbacking is not a positive term, you know? It's always easy to say, well, I wouldn't have done that. But you don't really know if you would have done that, because you weren't there. And so, I don't – I don't get into that business. I deal with, you know, what are the facts of the situation before us today, and how do we make the best of that?

MR. RUBENSTEIN: So, on consumer products, I don't know if you're that familiar with U.S. drugstores? But if you go into a U.S. drugstore today, everything is under lock and key. I don't know whether Bayer aspirin is, but virtually everything else. Is that a problem in terms of selling things now? And is this a problem in other countries where you have everything under lock and key and you got to go get somebody to open a thing before you can buy a razor blade?

MR. ANDERSON: Yeah, it's not a – it's not a common problem outside of America. And from my experience, it's not a common – it's not a universal problem in America. It has maybe to do with local practices and in terms of law enforcement, and prosecution, and various –

MR. RUBENSTEIN: But that's not a big problem for your consumer products that drugstores are having so many things under lock and key, people get discouraged from going in and buying things?

MR. ANDERSON: I think it's a – it's a problem for our customers that are the drugstores. And they're – unfortunately, they're closing stores in a lot of locations. And, yeah, I think that's a – that's a problem for our country.

MR. RUBENSTEIN: All right. So, let's suppose I want to buy some Bayer aspirin. And I go in to buy it, and it's not under lock and key, and I can get it. But somebody who works at the drugstore says, you know, we have this generic. It doesn't say Bayer, but it's actually manufactured by the same people. It just doesn't have the Bayer name on it. Is that a – does that happen a lot? Do you have generics for Bayer aspirin?

MR. ANDERSON: Yeah, there's –

MR. RUBENSTEIN: And do you manufacture the generic as yourself?

MR. ANDERSON: I don't think so. I haven't learned the whole supply chain of all our products yet. Maybe I never will learn all of it. But, yeah, I think there's a lot of things that go into that decision. And you make that decision when you go to the drugstore. And I make that decision when I go. And I did read a very interesting book a few years ago, if you're interested in the topic, called "Bottle of Lies," which was actually pretty eye opening.

MR. RUBENSTEIN: Is that about Washington or what?

MR. ANDERSON: It's – [laughter] – no, it's about some challenges that that have occurred in the generic space. But yeah.

MR. RUBENSTEIN: All right. So, if you – if you go into a drugstore yourself and you're buying things, do you ever buy the generic and just hope nobody notices you're buying the generic? Or that doesn't happen? [Laughter.]

MR. ANDERSON: You know, it depends on a number of things. What's the – what's the price difference? What am I buying it for? You know, how much do I care?

MR. RUBENSTEIN: But the truth is, the generic is made, I assume, by the same company sometimes that makes the branded product, there's no real difference? Or is there really a difference? You give a little something extra for the name, Bayer?

MR. ANDERSON: Again, there's many types of medicines. There's biologics, there's chemicals, there's different formulations. So, for example, sometimes the reason you're buying a particular medicine isn't because of the active ingredient, but because you have some sort of time release formulation, right? And the generic may or may not be doing the same thing. So, it's complicated. There's not a single answer.

MR. RUBENSTEIN: OK. So, when you go to a drugstore, do you – when you go to the checkout counter, do you say, you know, I'm the CEO of Bayer aspirin? Or you don't tell people when you're checking out? [Laughter.] I mean, just to maybe impress them with your knowledge of the products you're buying?

MR. ANDERSON: I don't think they'd be very impressed.

MR. RUBENSTEIN: Really?

MR. ANDERSON: Nah.

MR. RUBENSTEIN: Even in Germany? They wouldn't be impressed you're the head of Bayer AG? OK.

MR. ANDERSON: I don't know.

MR. RUBENSTEIN: I would be impressed, but OK. [Laughter.] All right, so you're glad you took this job, right?

MR. ANDERSON: Oh, yeah.

MR. RUBENSTEIN: And you're glad you agreed to this interview, right? [Laughter.]

MR. ANDERSON: I have to think about that. [Laughter.]

MR. RUBENSTEIN: So, well, look, this is – look, the truth is, you got a difficult problem, obviously. And you knew this before you took over the company. I wish you the best in doing it. It's not easy because of the litigation problems, but the company does make some really good products. And this is, I guess, one of the very good ones. This is low dose, the low doses is safety coded aspirin regimen. So why do I need a safety coded one? Why not just – I mean, if it's not safety coded, is it unsafe, or what? [Laughter.]

MR. ANDERSON: I think you'll have to ask your doctor. [Laughter.]

MR. RUBENSTEIN: Oh, OK. All right. So, it's low dose. So low doses is better than high dose, I guess, right?

MR. ANDERSON: It depends. Depends on what you're talking it for.

MR. RUBENSTEIN: Ask your doctor. All right. All right. Well, I'm going to go back and ask my doctor. I'm going to return this and get the generic maybe, I don't know. [Laughter.] But we'll see.

But I appreciate your coming all the way from Germany to listen to us. And you're going to be meeting some members of Congress today. And you're going to tell them that they should give away free samples of Bayer aspirin? You're not allowed to do that to members?

MR. ANDERSON: Generally that – yeah, I don't think I can do that.

MR. RUBENSTEIN: You don't do that? Yeah, OK. All right.

So let me give you a gift. I want to thank you for your conversation. Let me give you a little gift here. [Applause.] OK. This is a map of the District of Columbia.

MR. ANDERSON: Thank you very much.

MR. RUBENSTEIN: Pose right there



**Bill Anderson**  
**Chief Executive Officer**  
**Bayer AG**

Founded in 1863, Bayer AG is a German multinational pharmaceutical and biotechnology company and is one of the largest life sciences companies in the world. Headquartered in Leverkusen, Germany, Bayer is a global enterprise with core competencies in agriculture, pharmaceuticals, and consumer health. It is represented in 83 countries with over 101,000 employees.

William N. (Bill) Anderson became the first American Chairman of the Board of Management and CEO of Bayer in 2023. Beginning in 2006, Mr. Anderson held various positions with Genentech and their parent company Roche Pharmaceuticals, eventually becoming CEO of Genentech in 2017 and CEO of Roche Pharmaceuticals in 2019. Previously, he held positions at a variety of chemical and biotechnology companies including Biogen, Raychem Corporation, and Ethyl Corporation.

He holds a Bachelor of Science from the University of Texas and a Master of Science from Massachusetts Institute of Technology, both in Chemical Engineering. He also holds a Master of Science in Management from MIT's Sloan School.