

2023  
Global ESG  
Double  
Materiality  
Assessment



# About This Report

This report is intended to provide transparency into how Bristol Myers Squibb (BMS) engaged key stakeholder groups in 2023 to identify the Environmental, Social and Governance (ESG)<sup>1</sup> topics that our stakeholders view as most important for the company. Engaging with stakeholders was the first step in the Company's global double materiality assessment.

This document summarizes our objectives for the global ESG double materiality assessment,<sup>2,3</sup> our approach, the methodology we used and our findings.

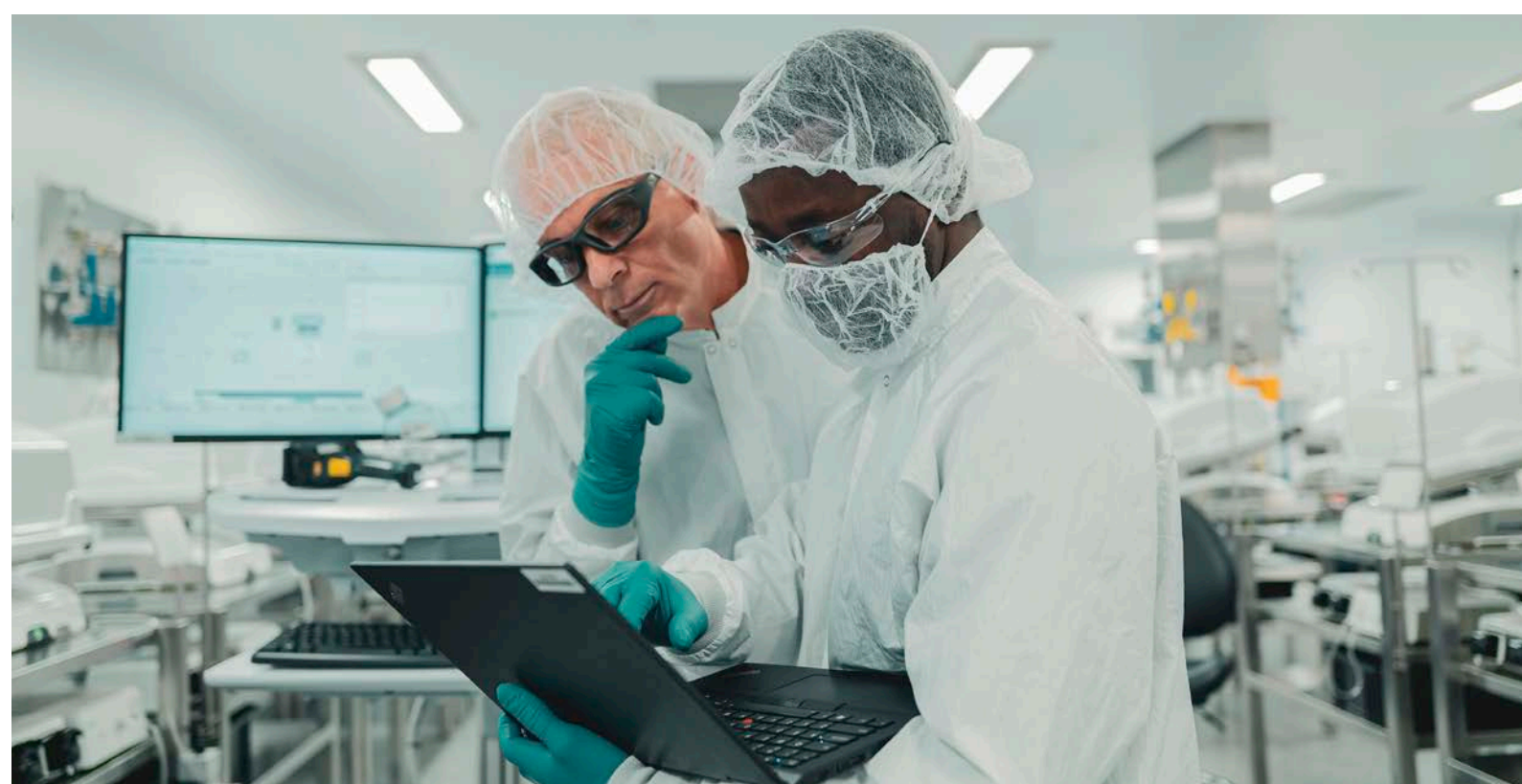
Our approach was informed by industry best practices and the Corporate Sustainability Reporting Directive's *European Sustainability Reporting Standards 1: General Requirements*. The methodology and processes utilized in the assessment were determined at the discretion of BMS and with the counsel of a third party.

BMS intends to review and refresh the results of our ESG materiality assessment every two or more years.

# How We Define ESG Materiality

We define ESG double materiality by two dimensions: impact materiality and financial materiality.<sup>3</sup>

**A sustainability matter meets the criteria of double materiality whether it is material from the impact perspective or the financial perspective or both.** Our definition of double materiality aligns with the definition outlined in the Corporate Sustainability Reporting Directive's *European Sustainability Reporting Standards 1: General Requirements*.



<sup>1</sup> Bristol Myers Squibb follows the guidance of the Fundamentals of Sustainability Accounting and uses the terms "ESG" and "sustainability" interchangeably.

<sup>2</sup> This report uses certain terms, including those that GRI or SASB refer to as "material," to reflect the key issues or priorities of Bristol Myers Squibb or its stakeholders. Used in this context, however, these terms are distinct from, and should not be confused with, the terms "material," "materially" and "materiality" as defined by or construed in accordance with securities or other laws or as used in the context of financial statements and reporting required by laws and regulations.

<sup>3</sup> Bristol Myers Squibb's definition of double materiality aligns with the definition outlined in the Corporate Sustainability Reporting Directive's *European Sustainability Reporting Standards 1: General Requirements*.

## Impact materiality

- Pertains to a company's material actual or potential, positive or negative impacts on people or the environment over the short-, medium- and long-term
- Includes impacts caused or contributed to by the company and impacts which are directly linked to the company's operations, products and services through its business relationships

## Financial materiality

- Pertains to whether or not a sustainability matter triggers, or may trigger, material financial effects on the company
- Includes sustainability matters that generate or may generate risks or opportunities, derived from past or future events, that have a material influence (or are likely to have a material influence) on cash flows, development, performance, position, cost of capital or access to finance over the short-, medium- and long-term



# Key Takeaways

We conducted a **global ESG double materiality assessment** to identify the ESG topics that our stakeholders view as the **highest priority topics** for BMS.



Stakeholders' rankings of these topics will help inform **business priorities and strategies**, enabling BMS to consider stakeholders' views and insights into business decisions.



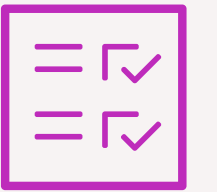
In conducting the double materiality assessment, we engaged with **170 participants across ten internal and external stakeholder groups** through a series of interviews and online surveys.



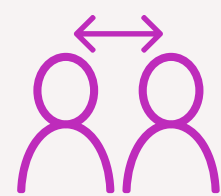
The **stakeholders included** the BMS Board, the Leadership Team, employees, patient advocacy groups, the investor community, industry associations, suppliers/partners, academic institutions, civil society organizations and government/policy organizations.



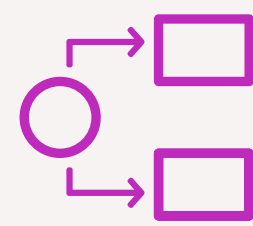
We asked each stakeholder to review a list of ESG topics, then **select and prioritize the five most important and impactful items to BMS.**



There was **strong alignment across internal and external stakeholders**. Examples of topics with close alignment across both groups were Pricing and Patient Access, Patient Safety and Product Quality, Product Innovation, Ethics and Conduct, and Culture and Inclusion & Diversity.



The **most material ESG topics** identified by stakeholders were organized into groups based on similar categories, and mapped to a materiality matrix, displayed on page eight.



The methodology and calculations used in the assessment resulted in the identification of **eight ESG topics as the most material topics** based on stakeholders' relative ranking.



The **most material ESG topic**, according to stakeholders, is **Pricing and Patient Access**, followed by Product Innovation.



The results of the assessment were reviewed by the **BMS Leadership Team** and subsequently by the **Board of Directors**.



# Our Objectives

As a leading biopharma company, we understand our responsibility extends well beyond discovery, development and delivery of innovative medicines.

**Our success relies on innovation and collaboration on ESG factors to help drive business value and positively impact patients, employees, communities and the planet.** Conducting the ESG double materiality assessment enables the Company to identify and focus on the most important ESG factors impacting BMS, while also identifying factors where BMS may have an impact. Our objectives in this process were to:

## ✓ Understand stakeholder views

Understanding and addressing the concerns of stakeholders is critical for building trust, transparency and long-term relationships. Conducting an effective assessment provides the opportunity for BMS to engage in meaningful dialogue with stakeholders and to ensure that our focus internally as a company is appropriately aligned with key external stakeholder expectations.

## ✓ Inform business priorities and ESG strategy

Determining the ESG topics that are most relevant—or considered to be most material—to stakeholders helps BMS’ Board of Directors and leadership align business decisions and ESG initiatives with stakeholder priorities. This supports our ambition to strengthen relationships with key partners and, most importantly, strengthen our strategy to deliver the next scientific breakthroughs that support the needs of our patients and have an impact on society.

## ✓ Identify emerging areas of opportunity

Engaging with stakeholders can provide significant insights on societal views and uncover emerging trends and opportunities in the biopharma industry and beyond. Gaining stakeholder insights into product innovation and access to healthcare can help inform strategies to drive long-term value creation.

## ✓ Enhance risk management

Sustainability risks can have profound financial, reputational and operational implications. Conducting a thorough materiality assessment helps organizations identify and prioritize the ESG risks that may affect their business. Focusing on these risks enables BMS to develop risk mitigation strategies that will safeguard our reputation and protect shareholder value.

## ✓ Increase transparency

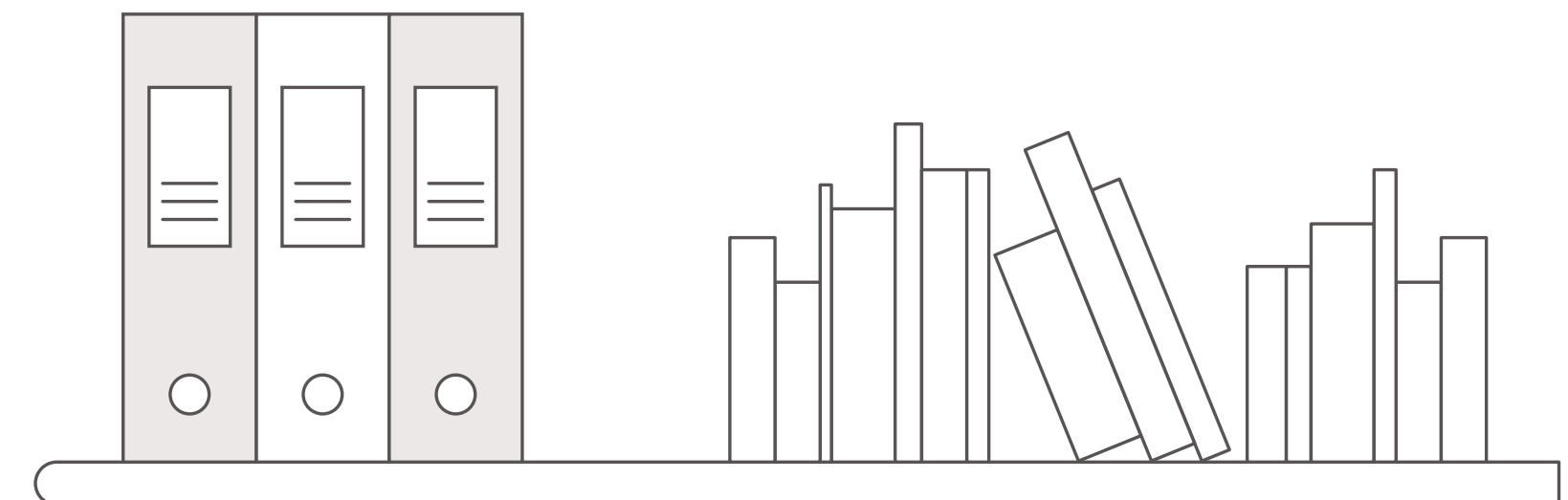
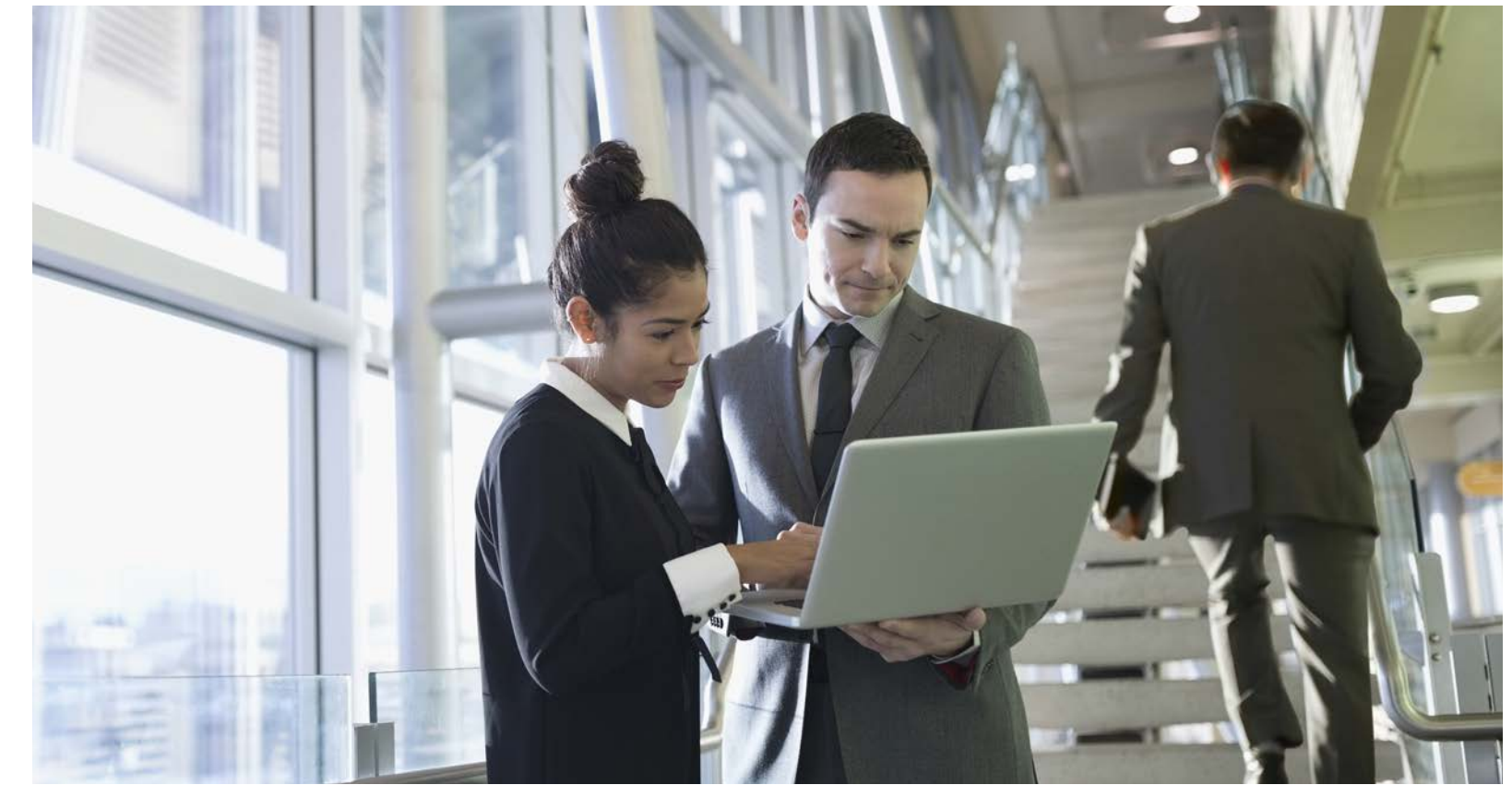
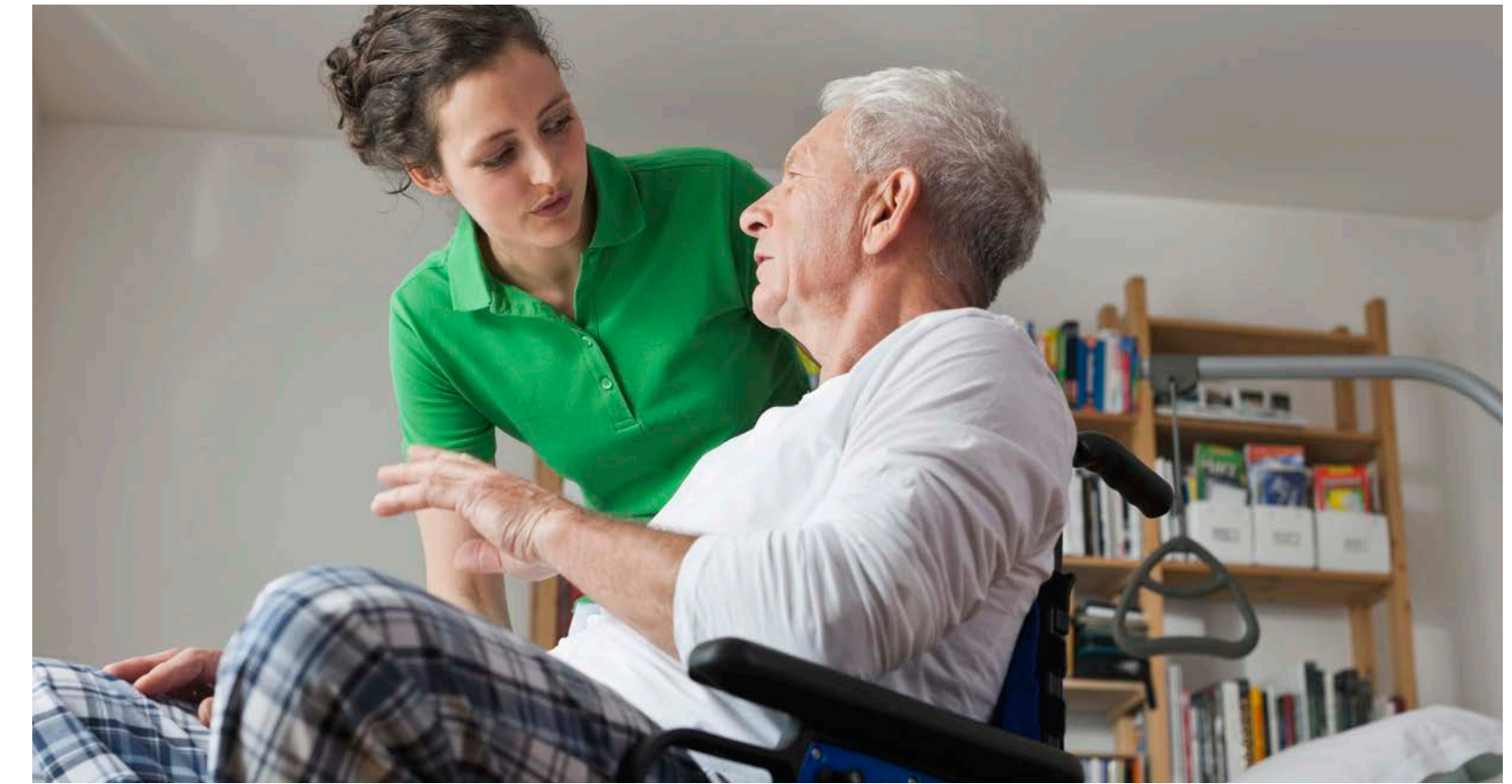
Conducting the materiality assessment and disclosing the results and details on the methodology behind the assessment enhances transparency, not only on stakeholders’ views but also on the rationale behind business decisions made by the BMS Leadership Team and overseen by the Board.

## ✓ Improve resource allocation

Results of the materiality assessment inform resource allocation. The strategic allocation of resources, time and efforts helps ensure ESG initiatives and strategies are aligned with the issues that have the greatest impact on our company and our stakeholders. Efficient resource allocation leads to increased effectiveness in achieving ESG goals and fulfilling commitments to stakeholders.

## ✓ Inform reporting and disclosure

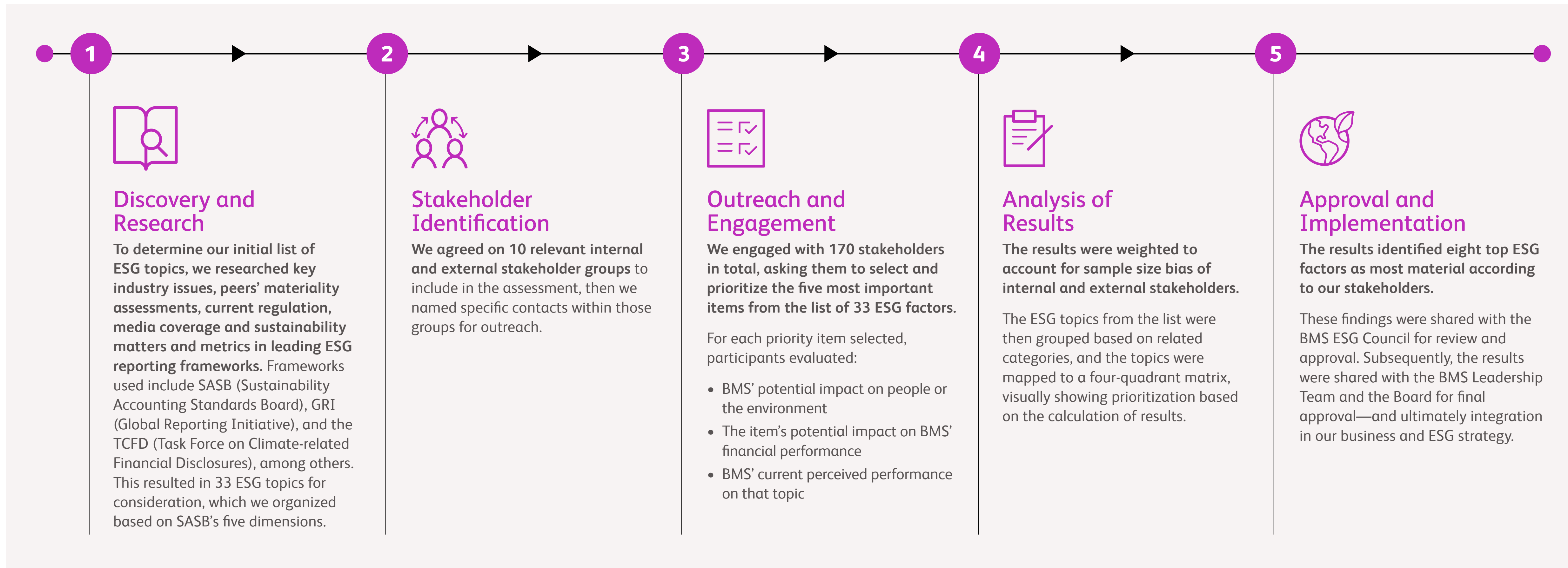
By reporting on the ESG topics that matter most to stakeholders, BMS can enhance the credibility and relevance of sustainability communications, reporting on the progress, achievements, and areas of improvement around ESG goals, as well as satisfy new regulatory requirements for reporting non-financial information.



# Our Approach and Methodology

To mitigate any potential conflicts of interest and to support the integrity of the results, we worked with a third party to conduct the assessment.

In partnership with the third-party consulting company, we completed the following phases of work:



# Our Approach and Methodology (continued)

## Stakeholder Groups, Sample Size and Engagement Methods

In total, we conducted outreach across ten internal and external stakeholder groups, using three different methods for engagement and/or research.

There were two main groups of stakeholders:<sup>4</sup>

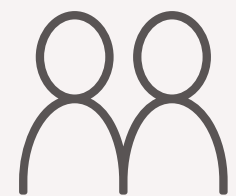
### 1 Affected stakeholders

Individuals or groups whose interests are affected or could be affected—positively or negatively—by a company’s activities and its direct and indirect business relationships across its value chain

### 2 Users of sustainability statements

Primary users of general-purpose financial reporting (for example, existing and potential investors), as well as other users, including a company’s business partners, civil society and government organizations, and academics, among others

## Sample Size



170

global participants, which included:

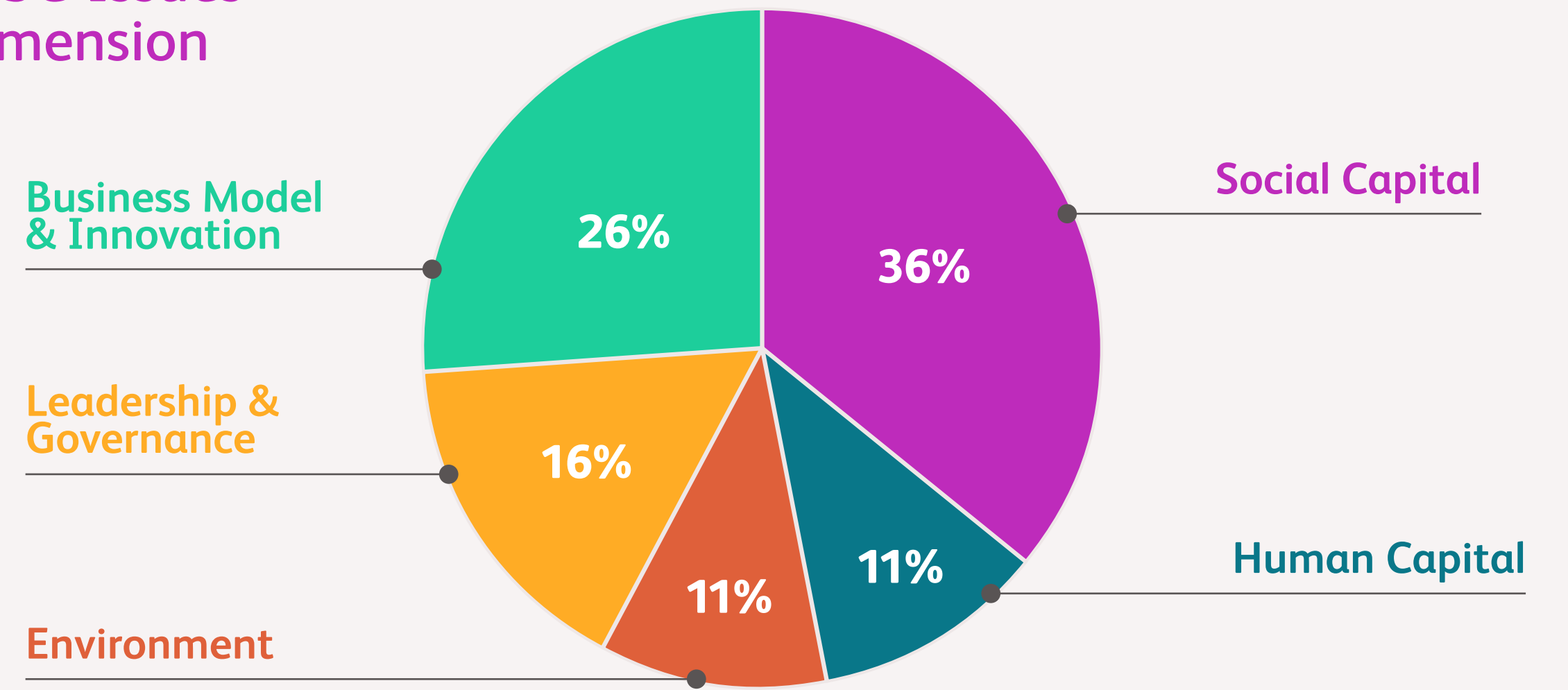
### Internal stakeholders

- Employees (anonymous)
- The BMS Board
- The BMS Leadership Team

### External stakeholders

- Patient advocacy groups
- Industry organizations
- Investors
- Suppliers/partners
- Academics
- Civil society organizations
- Government/policy organizations

## Top ESG Issues by Dimension



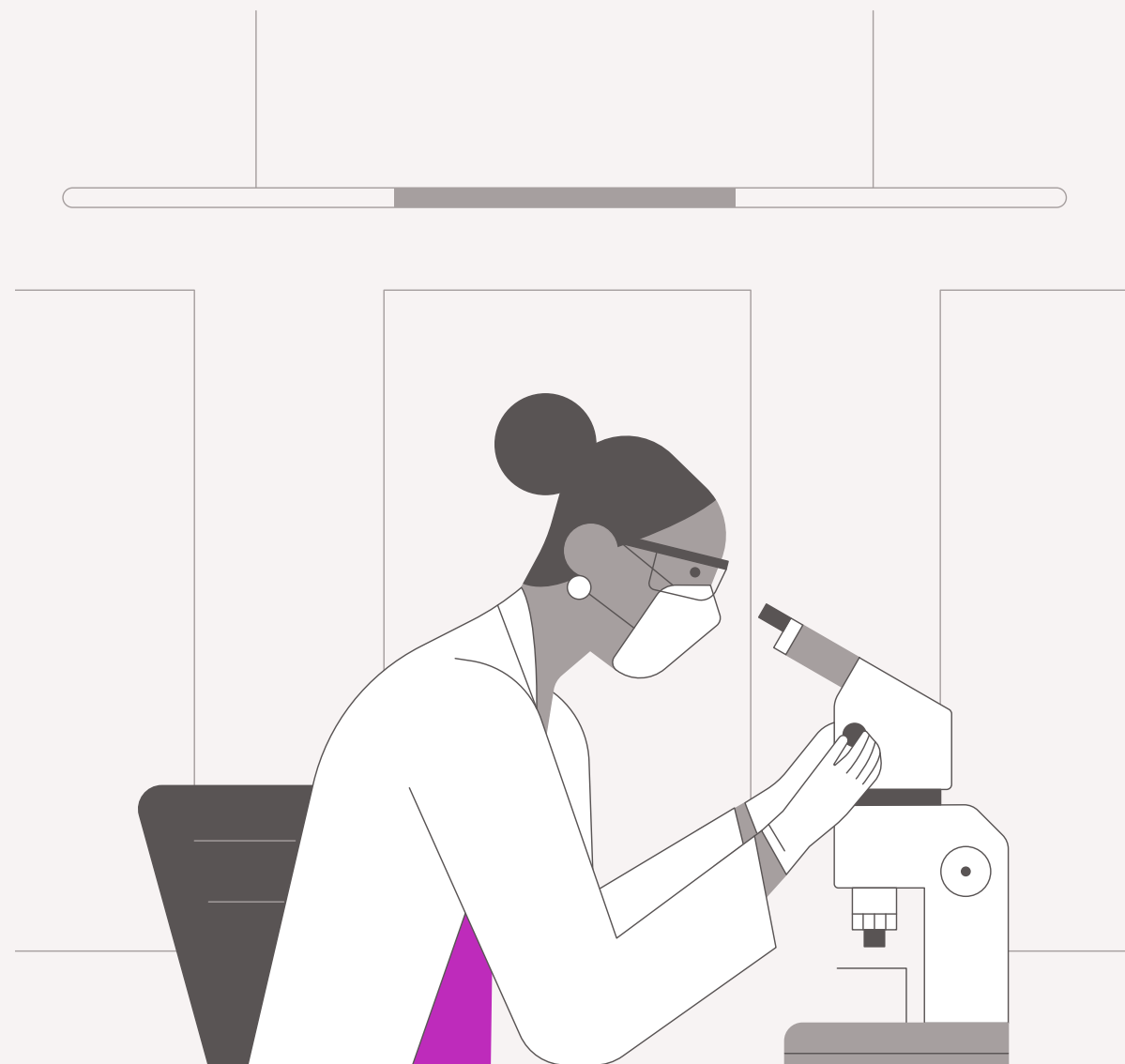
## Engagement Methods



<sup>4</sup> Bristol Myers Squibb’s definition of stakeholders aligns with the definition outlined in the Corporate Sustainability Reporting Directive’s European *Sustainability Reporting Standards 1: General Requirements*.

# Analysis of Results and Observations

Overall, the analysis identified eight ESG topics as most material according to stakeholders:



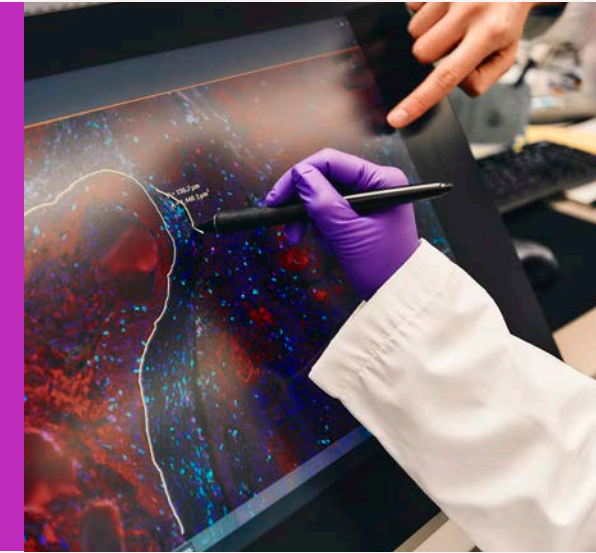
## Pricing and Patient Access

- Ethical and honest pricing of products and services
- Access, affordability and assistance in obtaining medicines and health services



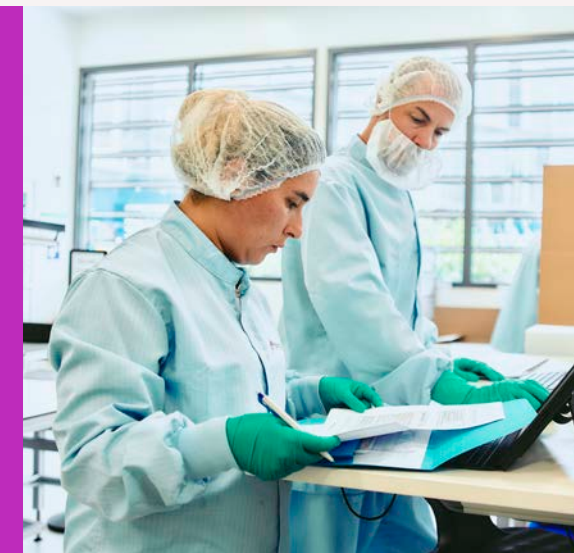
## Product Innovation

The creation of new offerings to advance business opportunities and serve stakeholders



## Patient Safety and Product Quality

The protection and prioritization of patients' health, wellbeing and safety



## Ethics and Conduct

Responsible business practices and decision-making to protect the wellbeing of stakeholders, the environment, communities and more



## Long-term Value Creation

Business decision-making oriented towards long-term gains or positive outcomes



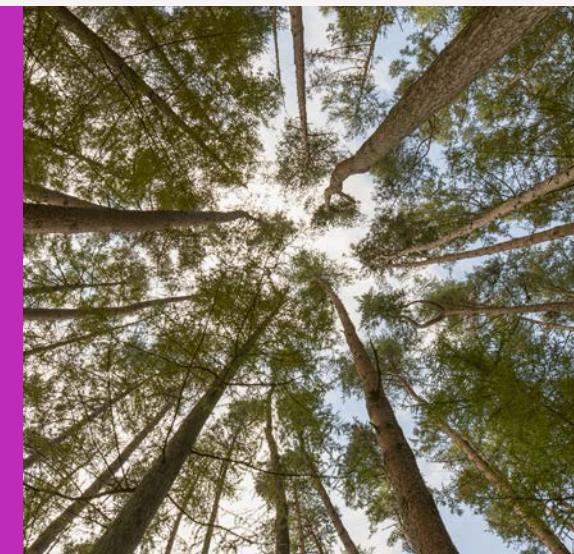
## Culture and Inclusion & Diversity

- Combination of workplace mindset, actions that employees practice, and the underlying processes supporting how work gets done
- Respect and appreciation of differences in ethnicity, gender, age, national origin, disability, sexual orientation, education, religion as well as diverse perspectives



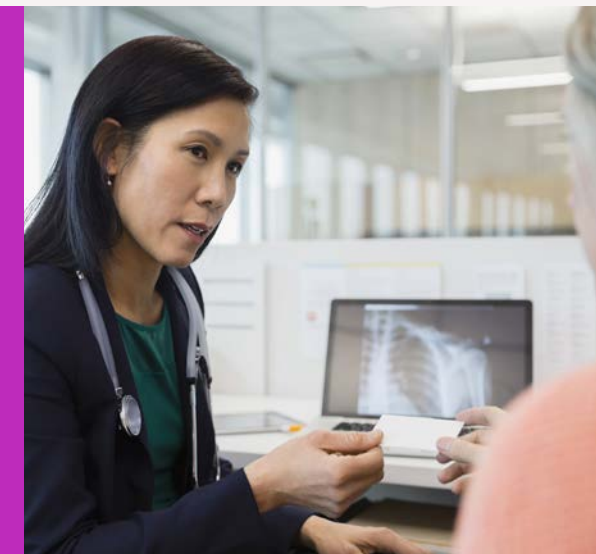
## Climate Change and Emissions

Addressing rising global average temperatures and reducing emissions that impact earth's atmosphere



## Public Health and Public Policy

The science of protecting and improving the health of populations as well as diverse perspectives



## Analysis of Results and Observations (continued)

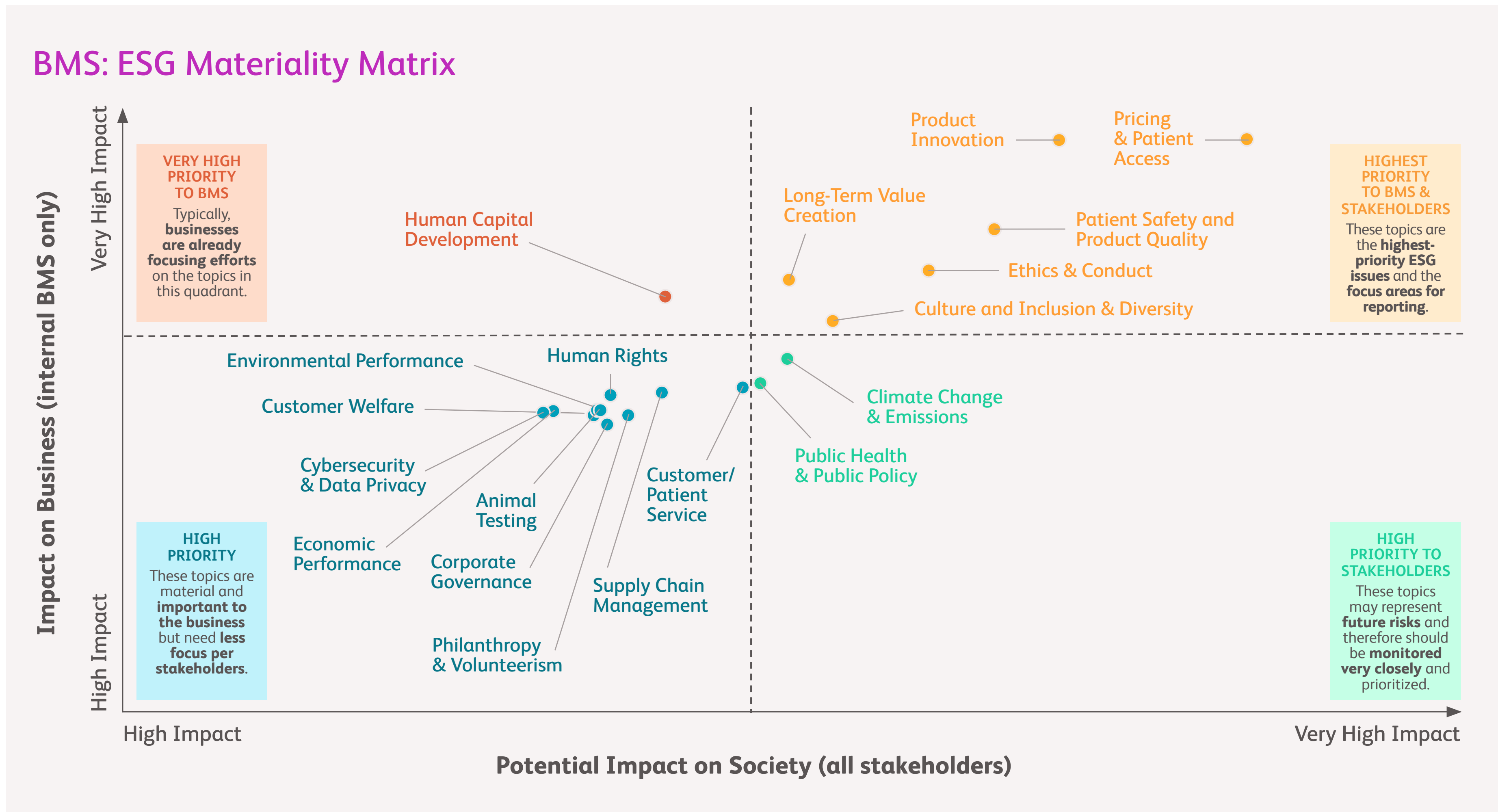
As shown above, Pricing and Patient Access was identified as the number one priority ESG topic, which is in line with industry peers. Product Innovation was the second most material topic.

The ESG topics identified by stakeholders as most important were evenly split 50/50 between those specific to the pharmaceutical industry and industry-agnostic topics. This finding is in line with industry peers.

Notably, the analysis confirmed strong alignment between internal and external stakeholders in the prioritization of material ESG topics, with Social Capital being the SASB dimension with the highest representation among priority factors at 36%. This was followed by Business Model & Innovation at 26%. The combination of Social Capital and Business Model & Innovation topics being identified by stakeholders as most material reflects the concept of double materiality, by definition.

Based on the calculation of the results, we mapped our ESG topics on a four-quadrant materiality matrix, which has two axes. The vertical axis stands for the impact or significance of sustainability topics on BMS. The horizontal axis stands for the potential impact on people/society or the environment.

Importantly, the matrix should be dynamic and reviewed annually as BMS' business and stakeholder expectations evolve, which will help ensure we are addressing the



most relevant ESG topics and contribute to better risk management and support long-term value creation.

The quadrant in which a specific ESG topic falls is generally understood to indicate the following, starting with the upper right and moving clockwise around the matrix:

**Upper right quadrant:** These topics are identified as the highest priority ESG topics and considered to reflect double materiality.

**Lower right quadrant:** These topics may represent future risks and should be monitored closely.

**Lower left quadrant:** These are considered important topics to the business but less important to stakeholders.

**Upper left quadrant:** These topics are often areas where businesses are already focusing.





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