



Statement of the Board of Management and the Supervisory Board of Bayer Aktiengesellschaft on the published counter motions

In their counter motions dated 26 February 2019 and 12 March 2019, "Coordination gegen BAYER-Gefahren e.V." and Professor Christian Strenger moved that the proposal of the Board of Management and the Supervisory Board regarding agenda item number 2 of the Annual Stockholders' Meeting 2019 (ratification of the actions of the members of the Board of Management) be voted against.

The Board of Management and the Supervisory Board of Bayer AG consider these counter motions unfounded and comment on them as follows:

Extensive and diligent review of the acquisition of Monsanto, in particular with regard to the risks arising from Monsanto's glyphosate business

In the context of the acquisition of Monsanto, the Board of Management discussed the opportunities and risks of the acquisition very extensively and in numerous meetings and carefully weighed them against each other before making its decision to enter into the merger agreement in September 2016. The Board of Management performed this risk assessment based on an information and update process which was in all respects adequate for an acquisition of such a scale and highly professional and verified this risk assessment with Monsanto in a confirmatory due diligence before entering into the merger agreement.

Of course, in the context of the acquisition, the Board of Management also reviewed the risks connected with Monsanto's glyphosate business. This risk assessment clearly showed that, when used as directed, the products of Monsanto containing glyphosate are safe. There are more than 800 studies available which come to this conclusion, which has, to this day, also been continuously confirmed by the competent regulatory authorities worldwide. Another assessment of the risk of cancer performed in 2017 by the U.S. environmental agency EPA, for example, took into account more than 100 studies considered relevant and came to the conclusion that a carcinogenic effect of glyphosate was "not likely", which is the most harmless assessment according to the EPA nomenclature. Particularly relevant is a large state-funded U.S. observational study which was conducted in the agricultural sector over a period of twenty years and which comes to the conclusion that glyphosate is not carcinogenic. Following an intensive review, the Canadian ministry of health as recently as January 2019 clearly confirmed again that glyphosate was safe and emphasised that – based on the amount of glyphosate people come into contact with – there was currently no regulatory authority in the world that sees a risk of cancer. Only an assessment by a sub-organisation of the World Health Organization classifies glyphosate as "probably carcinogenic". However, in this assessment only the general hazard of glyphosate was assessed but not the risk of actual occurrence. Therefore, glyphosate was assessed to be as carcinogenic as the consumption of red meat and hot beverages.

Based on the views held by regulatory authorities worldwide and scientists, the Board of Management assessed the legal risks in connection with the use of glyphosate as low. When doing so, it also based its assessment on a detailed expert opinion prepared and updated regularly by a renowned U.S. law firm before the merger agreement was entered into. This risk assessment was also confirmed by the fact that when the merger agreement was entered into in

September 2016, only approximately 120 glyphosate-related lawsuits were pending and in none of them the courts of the first instance had decided on the merits of the case.

Accordingly, the allegation made in one of the countermotions that the Board of Management informed itself about the risks in connection with Monsanto's glyphosate business only in August 2018 is inaccurate.

Bayer will firmly defend its rights in the legal proceedings in the U.S.

Also in view of these clear scientific findings, the Board of Management and the Supervisory Board consider both the jury decision in the U.S. of August 2018 and the jury decisions of March 2019 to be incorrect and unfounded. In both cases legal remedies will be or have already been filed. After the restrictions of the "hold separate" order of the U.S. Department of Justice had been lifted in August 2018, Bayer can now also actively engage in the proceedings directed against Monsanto. Bayer will firmly defend its legal position in these proceedings and is convinced that such position will ultimately also be confirmed by the U.S. courts. None of the decisions published so far have a binding effect on any other pending proceedings. In fact, the decision in all other proceedings will be made based on the specific circumstances of the individual case.

Compliance of the Board of Management with its duties is confirmed by an external expert opinion

From the very beginning, the Supervisory Board was highly involved in the acquisition of Monsanto and in this context also intensively discussed the risks connected therewith – including the risks arising from Monsanto's glyphosate business. In contrast to what is alleged in one of the countermotions, immediately after the first jury decision became known in August 2018 and after the resulting share price losses, the Supervisory Board decided to review whether the members of the Board of Management had complied with their legal duties in the context of the acquisition of Monsanto. In early September 2018, the Supervisory Board instructed the renowned law firm Linklaters to prepare an expert opinion on this. After an extensive review, Linklaters came to the clear conclusion that the members of the Board of Management had complied with their legal duties in every respect with regard to both the conclusion of the merger agreement with Monsanto in September 2016 and the closing of the acquisition of Monsanto in August 2018. The Supervisory Board extensively discussed this expert opinion and based on this also comes to the conclusion that the Board of Management acted in compliance with its duties.

Against this backdrop, the Board of Management and the Supervisory Board are firmly convinced that, in the context of the acquisition of Monsanto, they acted in compliance with their duties in every respect and at any time.

Convincing strategy of the Board of Management / Ratification of the actions for the fiscal year 2018

Irrespective of the above, the Board of Management and the Supervisory Board are disappointed at the current evaluation of Bayer by the capital market since such evaluation does not reflect the actual value of the company and the impact of the effects of the non-binding U.S. court decisions made so far on the pricing is too high.

At the same time, the Board of Management and the Supervisory Board are firmly convinced that the acquisition of Monsanto was the right decision. By acquiring Monsanto, Bayer became by far the leading company in the area of agriculture. Against this backdrop and with the objective of being able to acquire Monsanto, the Board of Management also agreed to the disposals required by the competition authorities, which were more extensive than originally intended. The disposed businesses generated attractive disposal proceeds of around € 7.4 B and significant disposal

gains in the amount of € 4.1 B before taxes. The reduced volume of synergies that was a result of these disposals was offset by other, positive effects, such as the reduction of U.S. tax rates and the operational debt reduction of Monsanto during the long period of the review of the competition authorities; hence, on balance, a significant potential for value creation with respect to the overall acquisition existed.

Bayer is a perfectly healthy company with excellent growth opportunities, high profitability, a strong portfolio and a clear strategy. Also, the announced portfolio, efficiency and structural measures at the divisional and group level, which were decided by the Board of Management in November 2018 and agreed to unanimously by the Supervisory Board, are in line with this strategy. As leading innovator in the area of life sciences, Bayer is currently in an optimal position to profit from global megatrends in the areas of diet and health.

In its latest meeting, the Supervisory Board expressly confirmed again that it unanimously supports the Board of Management and its strategy, including the acquisition of Monsanto. This strategy is the right way for Bayer and Bayer will be very successful with it.

Against this backdrop, the Board of Management and the Supervisory Board unanimously uphold their resolution proposal to ratify the actions of the members of the Board of Management who held office in the fiscal year 2018 under agenda item number 2 of this year's Annual Stockholders' Meeting.

Short-term variable compensation received by Mr Baumann

With regard to the criticism in one of the counter motions regarding the payment of a higher bonus to Mr Baumann, the Supervisory Board also notes the following:

For the fiscal year 2018, Mr Baumann receives a short-term variable compensation in the amount of € 1.708 M (for 2017 he received € 1.335 M). The payment for the fiscal year 2018 corresponds to 113% of his target bonus, whereas the payment for the fiscal year 2017 corresponds to 90% of his target bonus. The following should be noted in this respect: The short-term variable compensation for both the fiscal year 2017 and the fiscal year 2018 do not differ in their composition and comprise three components of equal parts which developed differently:

1. Mr Baumann's individual performance for the fiscal year 2018 was assessed at the same level as for the fiscal year 2017.
2. The weighted average operating result of the divisions was slightly lower than in the fiscal year 2017.
3. The result of the group component – as measured by the core earnings per share – was significantly higher for the fiscal year 2018 than for the fiscal year 2017 and, therefore, is the main reason for the higher payment compared to the previous year.

The short-term variable compensation may vary considerably from year to year, depending on the development of the divisions' results and the core earnings per share. This is inherent in the system of short-term variable compensation. In view of Bayer's good operating performance in the fiscal year 2018, the short-term variable compensation of Mr. Baumann and the other members of the Board of Management increased considerably compared to the previous year. However, in view of the weak performance of the share price, payments from the long-term variable compensation (Aspire) decreased considerably. In January 2018, only 20% of the original target amount were paid out for the LTI tranche ending in December 2017 (disclosed in the compensation report in the amount of € 72,000); in January 2019, no payment was made at all for the LTI tranche ending in December 2018. The latter, however, will only be reflected in the

reporting for the fiscal year 2019. Both the STI and the LTI correspond to the general economic conditions. In the view of the Supervisory Board, both are adequate.

Finally Mr. Baumann received an additional payment in 2018 to the amount of € 1.037 Mio. This results from a compensation component called „long term compensation using virtual stocks“. This is actually no additional compensation but goes back to the acquired short term incentive compensation for 2014. This STI-payment was only paid out for 50% in 2015. The remaining amount was deferred for another three years. In addition the amount was made dependent on the development of the Bayer Share (share price plus dividends). This way of using a part of the STI as a deferral was stopped with the principal new set up of board compensation as of January 1, 2016. The final payout from deferred STI payments was made in January 2019 for the acquired STI right in 2015.

Bayer Aktiengesellschaft

The Board of Management

The Supervisory Board

This is a convenience translation. For the legally binding document, please refer to the original German version which is published on the Internet at <https://www.bayer.de/de/gegenantraege-2019.aspx>