



March 2020

Message from Werner Wenning, Chairman of the Supervisory Board of Bayer AG

Dear Shareholders,

On behalf of the Supervisory Board of Bayer AG, I would like to thank you, our shareholders, for your continued support and investment. We maintain an active dialogue with our Board of Management and we congratulate them and our employees for their exceptional service. In advance of our upcoming Annual General Meeting (AGM) on April 28, 2020, I would like to highlight some of the significant accomplishments in 2019.

Shareholder Engagement

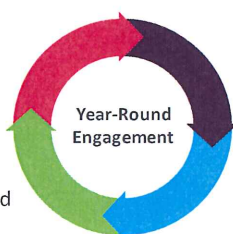
We have always maintained active engagement with our shareholders worldwide. In recognition of the disappointing outcome of the vote to discharge the Board of Management at our 2019 AGM, members of our Supervisory and Management Boards, together with our Investor Relations team, embarked on an enhanced corporate governance roadshow to listen to shareholder feedback and communicate completed and future actions. These meetings included shareholders that both supported and did not support the discharge vote, to ensure we received a full range of perspectives. In total in 2019, we reached out and met with more than 500 shareholders representing almost 60% of our outstanding shares.

MAY – AUGUST 2019

Analyzed results from AGM; Conducted Post-AGM outreach to better understand shareholder concerns and determine responsiveness actions

MARCH – APRIL 2020

Conduct Pre-AGM outreach with shareholders and proxy advisors to answer questions on the enhanced disclosure in the Annual Report, policy changes, and any concerns leading up to the AGM



SEPTEMBER – NOVEMBER 2019

Conducted Corporate Governance outreach to top governance focused shareholders to solicit feedback on responsiveness actions and to inform any governance or remuneration changes

DECEMBER 2019 – FEBRUARY 2020

Finalized Annual Report and any governance or remuneration changes based on shareholder feedback; Conducted Sustainability outreach to discuss new 2030 targets with top shareholders

In our dialog with shareholders, we discussed the implementation of our Bayer 2022 efficiency program, the establishment of the special Supervisory Board committee to address the glyphosate litigation, the approach to Supervisory Board refreshment including the recent addition of Ms. Ertharin Cousin, the redesign of the remuneration program and the ambitious 2030 sustainability objectives.



Business Strategy

The Supervisory Board, in its oversight and advisory capacity of the Board of Management, was involved in decisions on matters of fundamental importance to the company, regularly conferring with the Board of Management on the company's strategic alignment and the implementation status of the business strategy. This included a series of portfolio, efficiency and structural measures to enhance productivity and innovation while improving competitiveness as part of the Bayer 2022 efficiency program. In addition, on a go-forward basis, the Supervisory Board as well as the Innovation Committee of the Supervisory Board will advise on the scientific aspects of the research and development programs, which will represent approximately two-thirds of our more than EUR30 billion of future investment through the end of 2022.

Performance in 2019

The Supervisory Board compliments the Board of Management for delivering a successful performance in 2019 - strategically as well as operationally. Financial targets were achieved despite a challenging market environment in the agriculture sector in particular and promises were kept in all areas.

Going forward, the company is also optimistic for the current year, targeting an increase in sales, earnings and free cash flow.

Risk Oversight and Glyphosate Litigation

At an extraordinary meeting in June, the Supervisory Board resolved on specific measures designed to address the ongoing glyphosate litigation and mediation activities. The Supervisory Board established a special committee of eight Supervisory Board members, equally composed of shareholder and employee representatives including several with extensive experience with complex litigations. The committee monitors these topics, consults with the Board of Management and makes recommendations on the litigation strategy.

In addition, the Supervisory Board retained U.S. lawyer John H. Beisner, a recognized expert in product liability litigation, to advise on matters related to the glyphosate litigation, including trial tactics and mediation to add fresh and independent perspectives.

Furthermore, in parallel to the continued litigation, the Supervisory Board constructively supported the company's engagement in the court-ordered mediation process and welcomed the appointment of Ken Feinberg as mediator, who comes with an excellent reputation and outstanding track record in complex situations.

Board Management and Leadership

In October, the Supervisory Board was pleased to welcome Ms. Ertharin Cousin as its newest member in support of our stated plan to further strengthen the Board's expertise in the area of



food and agriculture given the growing significance of the Crop Science business. Ms. Cousin is a U.S. citizen who holds a doctorate in law, served as executive director of the UN World Food Program in Rome and is an internationally renowned expert in the area of nutrition and agriculture.

We would like to thank Thomas Ebeling, who stepped down at the end of September to pursue other commitments, for his outstanding and trusting cooperation. In addition, Detlef Rennings, employee representative on the Supervisory Board, ceased to be a member of the Supervisory Board and Robert Gundlach was appointed his successor.

As announced on February 26, 2020, I will step down as the Chairman of the Supervisory Board with effect from the end of the Annual Stockholders' Meeting on April 28, 2020 and Prof. Dr. Norbert Winkeljohann is to become Chairman by then.

Bayer is making great headway strategically and operationally – the integration of the acquired agriculture business is going very well and good progress is being made with the announced efficiency, structural and portfolio measures. Also, we have made and continue to make progress in handling the legal issues in the U.S. That's why now is a good time to hand over to my successor. I am pleased that in Prof. Winkeljohann, the Supervisory Board has chosen a leader who can guide Bayer into its next chapter as a leading and focused life science company.

Prof. Winkeljohann served as Chairman of the Board of Management of PricewaterhouseCoopers Europe SE until June 2018 and has been a member of Bayer's Supervisory Board since May 2018. The shareholder representative seat on the Supervisory Board that would become vacant is set to be taken by former TUI Group CFO Horst Baier. The Supervisory Board decided to make a proposal to this effect to the Annual Stockholders' Meeting. If elected, Baier is set to replace Prof. Winkeljohann as Chairman of the Audit Committee. The Supervisory Board will also review the composition of the other committees and considers in particular an enlargement and diversification of the Nomination Committee.

As part of our ongoing efficiency program, the Supervisory Board decided to optimize the allocation of responsibilities and reduce the size of the company's Board of Management from seven to five members effective the beginning of 2020. We would like to thank both Dr. Hartmut Klusik and Kemal Malik for their longstanding and successful tenures at Bayer, and contributions to their respective areas of responsibility and the company as a whole.

The Supervisory Board endeavors to ensure that its members collectively possess the necessary expertise, skills and professional experience to properly perform their duties. In the Annual Report for 2019, we have introduced a detailed matrix highlighting the relevant competencies and experiences of the shareholder representatives of the Supervisory Board. These attributes are complemented by strong elements of diversity across the full Supervisory Board through age (evenly spread between 49-73), citizenship (5 members from outside of



Germany) and female representation (40% on shareholder representatives and 30% on employee representatives).

Remuneration

We appreciate the ongoing support for the remuneration system of the members of the Board of Management. However, we do not remain complacent and deemed it prudent to redesign our remuneration system to reduce complexity and better align to our go-forward strategy. Changes were previewed with shareholders as part of our November 2019 corporate governance roadshow and consistently received positive feedback.

The enhancements to the remuneration system have been developed along the following guidelines and principles:

- **Reflect Bayer's long-term strategy** for sustainable corporate success, by incorporating sustainability components, free cashflow as a component to focus on liquidity and ROCE as a component to focus on capital performance.
- **Strong Pay-for-Performance alignment** and long-term orientation, by including a higher weighting of financial KPIs, the aforementioned ROCE component and no share guarantees.
- **Strong alignment with shareholders' interests** and reflection of stakeholder targets, by keeping both absolute and relative share price performance as an incentive, incorporating sustainability components, significantly increasing the share ownership guidelines and capping individual compensation components and maximum total compensation
- **Intuitive, simple and easy to understand** compensation system and transparent disclosure, by decoupling the short and long-term grants, changing the pension allowance and ex-post disclosure of performance curves and target achievements.
- **Integration of "state-of-the-art"** elements including the introduction of performance compliance malus and clawback, comprising all variable elements.

Furthermore, the remuneration system is in compliance with regulatory requirements, highly consistent across senior management, and appropriately benchmarked against competitors and the broader market

Sustainability

The Supervisory Board discussed the proposals put forth by the Board of Management and endorsed the December announcement of the comprehensive sustainability measures and new commitments from 2020 onward. In line with the Sustainable Development Goals of the United Nations and the Paris Agreement, the Board of Management has set ambitious targets for achievement by 2030, including to be carbon neutral in Bayer's own operations, ambitious objectives for access to health and nutrition in low- and middle-income countries and underserved communities, and measurable sustainability targets to be incorporated into management compensation. Further, the Board of Management will establish an independent



Page 5 of 5

Sustainability Council consisting of external sustainability experts to provide advice, monitor and examine the further development of Bayer's sustainability efforts.

Conclusion

We hope you appreciate our accomplishments in 2019. We believe all of the actions described above around strategy, board composition and approach to management incentives position us to achieve long-term success. As Bayer continues to progress, our Supervisory Board values the constructive feedback and support from our shareholders. Together we will work towards Bayer - Science for a better life.

Leverkusen, March 2020
For the Supervisory Board:

A handwritten signature in blue ink, appearing to read "Wenning".

Werner Wenning
Chairman