



News Release

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Annual Stockholders' Meeting April 29, 2022

Explanations to the Supervisory Board Report

Prof. Dr. Norbert Winkeljohann,

Chairman of the Supervisory Board of Bayer AG

(Please check against delivery)

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Ladies and gentlemen,

Werner Baumann has given you a comprehensive overview of fiscal 2021 and the company's outlook.

Mr. Baumann, thank you for your detailed and compelling remarks.

Dear stockholders, ladies and gentlemen,

I would now like to deliver the Report of the Supervisory Board, which is part of Agenda Item 1 of today's Annual Stockholders' Meeting. You will find the Report of the Supervisory Board on pages 13 to 20 of the Annual Report.

Before I address the substantive focal points of the work of the Supervisory Board, I would like to emphasize two aspects that I, as Chairman of the Supervisory Board, believe had a special impact on the work of our body last year.

First, I have maintained very close contact with our investors in 2021 and the first months of this year. At a Corporate Governance Roadshow last November and December, I held discussions with investors representing about 40 percent of our stockholder base. I have also engaged in further conversations as warranted and in the run-up to this Annual Stockholders' Meeting. This regular contact has proven very effective and helps the Supervisory Board better understand which issues are particularly important to our stockholders.

In addition to this direct contact, an investor study was conducted on behalf of the Supervisory Board to ascertain the opinions of our key investors as regards the issues of environmental protection, social needs and governance. The results of this study supplement the range of opinions I have gained from my conversations with the stockholders.

Secondly, the work of the Supervisory Board was impacted again last year by the personnel changes that have taken place on the stockholder side in recent years. Seven of our ten stockholder representatives have served on the Supervisory Board for five years or fewer. An intensive fluctuation within the Supervisory Board is very important to inject fresh ideas and perspectives into the work of our governance body. On the other hand, the new Supervisory Board members also have to become acquainted with their new

roles. This was most recently the case with Dr. Fei-Fei Li and Alberto Weisser, whom you elected to the Supervisory Board at last year's Annual Stockholders' Meeting.

The replacement of Supervisory Board members also always results in the loss of knowledge and experience relating to Bayer. Several changes will take place this year on the employee-representative side: five employee representatives, some of them long-serving members, will step down from the Supervisory Board at the end of today's Annual Stockholders' Meeting, and another will leave within the coming months. To ensure the necessary degree of continuity in the work of the Supervisory Board after these changes, the Supervisory Board has proposed to today's Annual Stockholders' Meeting the reelection of three currently serving Supervisory Board members. I'll address these proposals in more detail later on.

Substantively, the work of the Supervisory Board focused last year on the themes I outlined at last year's Annual Stockholders' Meeting. These focal points were:

- Increasing value through the accelerated implementation of Bayer's strategy,
- Supporting change processes
- Strengthening growth
- Resolving the glyphosate issue
- Disciplined allocation of capital and debt reduction
- Targeted innovation and digitalization
- Thoroughly addressing Bayer's ESG targets

I'd like to discuss further details on some of these points as follows.

Let me begin with the issues that accounted for an especially broad portion of the Supervisory Board's work last year. After that, I will explain the proposals for the agenda item "Supervisory Board elections."

Ladies and gentlemen, the Supervisory Board convened for nine meetings and one additional discussion last year. The work of the Supervisory Board focused on monitoring the operational business, matters regarding the composition and compensation of the Board of Management, and the review of the financial statements. The Supervisory Board also dealt with

- individual corporate acquisitions and divestments,
- the glyphosate litigations and the additional significant PCB and dicamba litigations.

As regards corporate acquisitions and divestments:

One focus of the Supervisory Board's work was individual corporate acquisitions and the divestment of a corporate shareholding.

- The Supervisory Board dealt intensively with the acquisition of Vividion Therapeutics – a company active in biopharmaceutical drug discovery – to strengthen the Pharmaceuticals business.
- The Supervisory Board also dealt with the divestment of Bayer's Environmental Science Professional business; the transaction agreement was concluded this March.
- Furthermore, the Supervisory Board approved the divestment of the company's stake in Century Therapeutics and further smaller individual sales transactions.

With these transactions, Bayer continues to consistently implement its life science strategy and is adding to a series of portfolio adjustments undertaken in the previous years, including the acquisitions of Care/of, KaNDy Therapeutics and AskBio, as has already been reported here.

As regards the glyphosate litigations:

The Supervisory Board and several of its committees once again dealt intensively with the glyphosate litigations in 2021.

As you know, contrary to Bayer's expectations, the previously negotiated settlement with the plaintiffs' representatives that would have largely concluded the glyphosate litigations did not receive the necessary court approval.

After extensive deliberations at several meetings of the Supervisory Board, the company therefore presented a five-point plan at the end of last May to resolve the glyphosate issue ourselves. The Supervisory Board dealt with this plan in detail at a discussion convened at short notice, at a formal meeting and in a written resolution. The Supervisory Board's independent legal counsel John H. Beisner also attended the discussion and the meeting.

The Supervisory Board and the special committee for the glyphosate litigations also dealt extensively with the court proceedings in these litigations, including the proceedings before the U.S. Supreme Court.

In this connection, the Supervisory Board and the Audit Committee also intensively addressed the financing framework needed to manage the glyphosate matter and the establishment of provisions for the event of a negative decision by the U.S. Supreme Court.

With the resolution of the five-point plan, the process has reached a stage at which future activities will focus primarily on the implementation of the measures to manage the glyphosate issue. As of the end of 2021, therefore, the Supervisory Board dissolved the special committee for the glyphosate litigations that had been established in 2019. Should it be necessary for the Supervisory Board to deal with further developments, this will be done within the full Supervisory Board. The Supervisory Board's independent counsel John H. Beisner will remain available to the Supervisory Board.

Ladies and gentlemen, in addition to these two emphasized focus areas, the strategy of the divisions and the Group as a whole was a particular focus of the work of the Supervisory Board. This issue was initially discussed within the scope of the established strategy process. Last September, the Supervisory Board convened for a two-day meeting to deal very intensively with the strategy and unanimously confirmed the strategy of the Board of Management for the divisions and the Group as a whole after a detailed discussion.

In the deliberations on and discussion of the strategy, the Supervisory Board also took into account the feedback that the Board of Management received in its investor conversations and that I received through the communication with our investors that I have already mentioned. In addition, the Supervisory Board commissioned the aforementioned external investor study so as to attain further input.

In connection with the assessment of the strategy developed by the Board of Management, furthermore, the Supervisory Board and the Board of Management jointly commissioned an independent study on various levers to increase Bayer's enterprise value. The study concluded that the reduction in the value of Bayer's shares compared with their intrinsic value is not attributable to the structure of Bayer's portfolio. To reduce or close the value gap, the study's authors instead recommend specific improvements particularly as regards the positioning of the Pharmaceuticals Division's existing product pipeline and the communication of further issues of relevance to investors at divisional and full Group levels.

The Board of Management and the Supervisory Board have already begun an in-depth examination and assessment of these suggestions.

Besides these strategic focus issues, the Supervisory Board dealt intensively with changes to the composition of the Board of Management and with the short- and medium-term succession planning for the Board of Management. The Supervisory Board undertook the following changes to the composition of the Board of Management in 2021:

In January, the Supervisory Board appointed Sarena Lin to the Board of Management; Lin is responsible for Transformation and HR at Bayer. In February, the Supervisory Board extended the Board of Management contract of Stefan Oelrich, who heads up the Pharmaceuticals Division.

At an extraordinary meeting in October 2021, the Supervisory Board dealt with the departure ahead of schedule of the former head of the Crop Science Division, Liam Condon. Mr. Condon had requested that his contract be terminated with effect from the end of 2021. As a result, no severance payments needed to be made to Liam Condon for the premature termination of his contract. In accordance with statutory requirements, he is only receiving compensation for the post-contractual noncompete agreement imposed on him. The Supervisory Board thanks Liam Condon for his service and wishes him all the best.

With effect from January 1, 2022, the Supervisory Board appointed Rodrigo Santos to succeed Mr. Condon as a member of the Board of Management and head of the Crop Science Division. I introduced Rodrigo Santos to you already at the beginning of the Annual Stockholders' Meeting. Rodrigo Santos is a recognized expert with more than 25 years of international experience in the agricultural sector. The management of the Crop Science Division is in very good hands with him.

With the aforementioned appointments to the Board of Management and the contract extensions, the Supervisory Board has taken important decisions as regards the company's management.

Last but not least, the internal organization of the work of the Supervisory Board was an important matter. I would like to mention two points:

- With external assistance, the Supervisory Board undertook a self-assessment, examined the – largely very positive – results and discussed the measures identified through the self-assessment process to further improve its work. These measures include, for example, conducting a so-called executive session at the beginning and end of each ordinary Supervisory Board meeting, in other words consultation without the participation of the Board of Management. Additional executive sessions are scheduled, as required. Another consequence of the self-assessment is the organization of intensive training events on digitalization issues for the Supervisory Board over the course of this year.
- The Supervisory Board also implemented changes to its committees. I already mentioned that the special committee for the glyphosate litigations was dissolved as of the end of 2021. At the same time, however, the Supervisory Board established a new ESG Committee with effect from the beginning of this year. This committee's duties relate to sustainable corporate governance and Bayer's business activities in the areas of environmental protection, social issues and corporate governance. The committee is chaired by Ertharin Cousin, who can contribute extensive experience in these fields thanks in part to her previous role as Executive Director of the United Nations World Food Programme.

That concludes my remarks about the key areas of the Supervisory Board's work last year.

Now I'd like to talk about the compensation of the Board of Management. No major changes were undertaken in 2021 to the system for compensating the Board of Management. The compensation of the Board of Management continues to be conferred according to the compensation system approved by you, ladies and gentlemen, at the 2020 Annual Stockholders' Meeting of our company with a majority of 94 percent.

Nonetheless, the Supervisory Board did resolve a change to one detail that took effect in 2022: the target for the short-term variable compensation component was reduced and the target for the long-term variable compensation component increased by the same measure. Specifically, the target for the STI – in other words the annual bonus – now makes up only 90 percent of fixed compensation, rather than previously 100 percent. By contrast, the target for the multi-year stock-based compensation component was increased from 150 percent to 160 percent of fixed compensation. Beginning in 2022,

therefore, a greater share of the target total compensation of the Board of Management will be determined by the absolute and relative performance of Bayer stock and further components such as our success in implementing the sustainability targets.

As regards the targeted incentivization of operational success in the short-term variable cash compensation (STI), neither significant positive nor negative special effects will be taken into account in the relevant performance indicators in accordance with the compensation system resolved at the Annual Stockholders' Meeting 2020.

With respect to the compensation for 2021, I would like to note that the Supervisory Board did not retroactively intervene in the variable compensation targets, for example as regards impacts on the business as a result of the COVID-19 pandemic.

You can see the compensation of the members of the Board of Management for 2021 in the extensive compensation report that is included in the Annual Report and was published together with the documents for the Annual Stockholders' Meeting. The compensation report was also completely revised to comply with the new statutory requirements and describes in great detail both the system for compensating the Board of Management and the compensation of the members of the Board of Management in 2021. The system for compensating the Supervisory Board and the compensation of the Supervisory Board members in 2021 are also described in detail. The compensation report was examined by the external auditor as regards not just the completeness of the required information, but also its content, and therefore more extensively than required by law.

I would also like to explain the development of short- and long-term variable cash compensation. Short-term variable cash compensation for 2021 was determined by the overachievement of the yearly targets for core earnings per share (core EPS), free cash flow and the performance of the divisions. The average payout from short-term variable cash compensation for 2021 thus amounted to 175 percent of the target.

At the same time, the weak absolute and relative performance of Bayer stock during the four-year period beginning in 2018 and concluding at the end of 2021 was reflected in the total compensation of the members of the Board of Management. The payout from long-term variable cash compensation averaged just 32 percent of the target amount in 2021.

The payments to the members of the Board of Management amounted to 92 percent of total cash compensation, which was below the target amount.

As you can see, the compensation system you have supported is very heavily performance-related. Short-term developments – and to an even greater extent long-term developments – are accounted for in the system and thus reflect stockholder interests very well. Extraordinary influences of both a positive and a negative nature are not taken into account.

Ladies and gentlemen,

The Audit Committee and the Supervisory Board extensively discussed and examined the annual financial statements of Bayer AG, the consolidated financial statements for the Group, the combined management report and the audit reports by the external auditor. There were no objections, and we therefore concurred with the result of the external audit.

We are in agreement with the combined management report and, in particular, with the assessment of the future development of the company.

The same applies to the proposed dividend. The Supervisory Board has assented to the proposal by the Board of Management for the use of the distributable profit, which provides for payment of a dividend of 2.00 euros per share.

As explained by Mr. Baumann, ladies and gentlemen, your company – Bayer AG – has presented very encouraging business data for 2021 and made substantial progress in other major areas, such as the pharmaceutical pipeline. This is reflected in the equally encouraging performance of Bayer stock since the beginning of 2022. Both in turn reflect the full focus of the Board of Management and Bayer's roughly 100,000 employees worldwide on the company's operational outperformance and strategic priorities.

On behalf of the Supervisory Board – and I'm sure on your behalf as well – I would like to thank the members of the Board of Management and Bayer's entire workforce for their hard work. I would also like to explicitly express my gratitude for their tremendous dedication in the face of conditions made even more difficult by the COVID-19 pandemic and the current war between Russia and Ukraine.

Ladies and gentlemen, that concludes the Report of the Supervisory Board.

[The planned presentation of the candidates for election to the Supervisory Board and the newly elected employee representatives on the Supervisory Board do not form part of the explanations to the Supervisory Board Report and are not reproduced here.]

Dear stockholders, ladies and gentlemen,

I would like to conclude my remarks with a summary of what the work of the Supervisory Board of Bayer AG will focus on in the coming 12 months. The Supervisory Board will focus particularly on the following five points:

1. Helping the Board of Management increase the company's value.
2. Overseeing the work of the Board of Management as regards Bayer's ongoing transformation into an integrated life science company.
3. Further intensive oversight of the glyphosate litigations.
4. Reviewing the Board of Management compensation system while taking into account the stockholders' statements as regards the compensation report.
5. Strengthening the Supervisory Board's digital expertise as regards the intensive oversight of the company's further digitalization.

I am firmly convinced that these priority areas are very well suited for targeted support of Bayer's further transformation. The Supervisory Board and I personally will closely oversee and accompany this.

We look forward to continued dialogue with you, our stockholders.

Forward-Looking Statements

This release may contain forward-looking statements based on current assumptions and forecasts made by Bayer management. Various known and unknown risks, uncertainties and other factors could lead to material differences between the actual future results, financial situation, development or performance of the company and the estimates given here. These factors include those discussed in Bayer's public reports which are available on the Bayer website at www.bayer.com. The company assumes no liability whatsoever to update these forward-looking statements or to conform them to future events or developments.