



Message from Norbert Winkeljohann, Chairman of the Supervisory Board of Bayer AG

March 2025

Dear Shareholders,

Introduction

In 2024, Bayer announced a comprehensive, multi-year turnaround plan designed to get the company back on track to success. Led by our CEO Bill Anderson, and with the full support of the Board of Management and the Supervisory Board, four key priorities were identified to substantially advance Bayer's performance. These included driving innovation across our businesses, significantly containing the litigations in the United States, reducing our debt and implementing our new Dynamic Shared Ownership (DSO) operating model. We are pleased to have already made good progress in 2024. Our Pharmaceuticals pipeline, for example, has developed very well, with more than 20 clinical programs advancing in the past 18 months, and nine Phase III studies successfully completed in 2024. The introduction of our new operating model is proceeding at full speed, our debt has been reduced and we have also been active in the litigations: in the court room, with lawmakers and in the public realm as well.

So we are making progress, but we still have work to do. We regularly review our priority topics and initiate effective measures when we identify issues that require our attention and necessitate action. As discussed by our Board of Management at our recent full-year results, dealing with the challenges in our Crop Science Division – in particular in the area of Crop Protection – requires additional attention. We are confident that by executing on what are now our five key priorities, we will have returned Bayer to the performance that the Board of Management, the Supervisory Board and our shareholders expect by early 2027.

We are confident that we have a very attractive product portfolio with outstanding prospects for growth and are therefore optimistic about Bayer's long-term future. In advance of the Annual Stockholders' Meeting on April 25, 2025, I would like to summarize below some of the key areas that the Supervisory Board has focused on in particular over this past year.

Shareholder Engagement

Engaging with shareholders and other stakeholders is very important for Bayer and the Supervisory Board. In recent months, we engaged with shareholders representing 33% of shares outstanding (which is approximately 55% of shares held by institutional investors) as part of our annual Corporate Governance Roadshow. I am grateful for



the in-depth dialogue with our shareholders and the feedback they provided. In addition to these engagements, there were more than 600 in-person and virtual meetings with investors over the course of 2024, and the company also took part in numerous conferences and roadshows.

The focus of many of these meetings was on Bayer's progress on the key priorities, as well as the go-forward plan to address them. I was able to directly share updates and hear feedback from shareholders on the items most pressing to their investments in Bayer. In particular, our conversations focused on Bayer's efforts to resolve and contain litigation, our operational progress and financial target attainment, particularly at Pharmaceuticals and Crop Science, and the Supervisory Board's role in overseeing the Board of Management and our strategy.

In addition to these key business strategy topics, I shared perspectives on the composition of our Supervisory Board, our Board of Management compensation system approved at the 2024 Annual Stockholders' Meeting, and our progress on our sustainability targets. I also previewed and sought input on relevant items for the upcoming Annual Stockholders' Meeting, including the proposal to authorize capital issuance and to refresh our virtual Annual Stockholders' Meeting authorization. We received valuable feedback from our shareholders on these topics, and the Supervisory Board took this feedback into consideration when preparing these resolutions, which are subject to shareholder approval at the Annual Stockholders' Meeting.

MAY – JULY 2024

Analyze results from 2024 Annual Stockholders' Meeting; Review market, regulatory, and governance trends

MARCH – APRIL 2025

Publish Annual Stockholders' Meeting-related materials; Offer engagement meetings to stockholders and proxy advisors; Hold 2025 Annual Stockholders' Meeting



AUGUST – DECEMBER 2024

Conduct outreach to top investors in advance of the Corporate Governance Roadshow; Prepare investor materials for Corporate Governance Roadshow

JANUARY – FEBRUARY 2025

Conduct Supervisory Board Chair-led Corporate Governance Roadshow; Evaluate feedback from shareholders in advance of 2025 Annual Stockholders' Meeting

Business Strategy and Performance

2024 was a year of progress across several key topics. At the same time, we remain committed to systematically addressing the challenges facing us and delivering tangible outcomes for our shareholders.

Over the last year, we were able to drive innovation and growth in many areas despite headwinds. At Pharmaceuticals in particular, we made significant progress in renewing



our topline and growing our short-, medium- and long-term pipeline. We also implemented a more efficient R&D model to ensure that our investments flow into those areas where we can achieve maximum returns. Our two flagship launches, Nubeqa and Kerendia, grew to a combined €2 billion in sales last year.

The situation at Crop Science is a major priority for us. Our core business is strong, but the business has faced significant headwinds, most notably generic pricing pressure in the crop protection business. We have launched a comprehensive five-year plan to improve profitability, concentrating on our product portfolio, Research & Development, production, our commercial model, digital technologies and our global functions, along with a far-reaching cash productivity program. We expect our pipeline to launch 10 blockbusters over the next 10 years.

Our DSO implementation is moving forward at a fast pace, including the reduction of about 7,000 positions last year. While the financial implications include approximately €2 billion in substantial organizational savings by the end of 2026, we view the biggest benefit as being entrepreneurial. DSO significantly reduces bureaucracy and markedly enhances efficiency and innovation across our teams. The topics with the highest priorities are driven forward in 90-day cycles with the decision-making in the hands of those ultimately doing the work. This means that our employees are more committed and fulfilled than ever, enabling us to drive progress across all areas.

Financially, our top priority is to strengthen our balance sheet. In 2024, we resolved to pay the legal minimum dividend for three years, during which time we are focused on growing Free Cash Flow and using it to pay down our debt. At last year's Annual Stockholders' Meeting, shareholders overwhelmingly approved the 2024 distribution, and we ask for your continued support in 2025. Through cost-saving programs, cash preservation efforts, and reduced capital expenditure, we delivered €3.1 billion in Free Cash Flow in 2024 and paid down €1.9 billion of debt. We plan to continue deleveraging in 2025 – once our balance sheet is returned to a healthier level, we expect to be able to evaluate returning Free Cash Flow to our shareholders.

We have heard clearly from shareholders about the impact that the continued presence of litigation has on their investment in Bayer. Containing and resolving litigation is of utmost importance to the Board of Management and Supervisory Board. In 2024, the Supervisory Board formed the Legal Risk Committee, chaired by newly appointed Supervisory Board member Lori Schechter, to work intensively on this important and complex matter. We continue to aggressively defend ourselves in court, settling only when the terms are beneficial for Bayer. At the same time, we are working with state and federal policymakers in the United States to achieve regulatory clarity concerning the future of agriculture and crop protection products. We are constantly working on ways to resolve this issue, and in 2025, we expect to take major steps on this path.



Authorized Capital Proposal

As we work to contain litigation, we are in a position where we may need capital quickly. As such, we have proposed a resolution for shareholder approval at the Annual Stockholders' Meeting requesting an equity capital authorization of 35% of current share capital, with current shareholders being granted subscription rights. The purpose of this is to serve as a proactive financial risk management measure to allow us the flexibility to respond swiftly. We have heard clear feedback from our shareholders that capital authorizations must not be used for M&A. Thus, we commit that the proceeds of any issuance would be used solely to maintain balance sheet resilience while resolving litigation, and not to finance external growth such as M&A transactions.

Shareholders also were clear that Bayer must be mindful of the dilutive impact of issuing capital. We therefore stress that while this proposal authorizes the issuance of capital, we do not currently have any specific plans to utilize this authorization. Having the authorization would however allow us to avoid needing to access debt on unfavorable terms (increasing our cost of capital). Issuances would be carefully evaluated to ensure they are only done in a manner that would benefit our shareholders.

As this is an essential step to address two of our key priorities – litigation and deleveraging – we appreciate your support on this resolution at the Annual Stockholders' Meeting.

Virtual Annual Stockholders' Meeting

At the 2025 Annual Stockholders' Meeting, we are seeking a 2-year refresh of the authorization to hold virtual Annual Stockholders' Meetings, last approved by shareholders in 2023. We sought perspective from shareholders as part of our Corporate Governance Roadshow, and the clear majority of our shareholders expressed support for this renewal.

Shareholders confirmed that our virtual format has worked well. Key benefits include greater access and equity so that shareholders of all sizes and locations are able to participate in the same manner and with the same features that would normally be included in an in-person meeting, including access to the Board of Management and the Supervisory Board.

This approval would not preclude Bayer from holding a physical Annual Stockholders' Meeting if that was determined to be the optimal format in any given year. The decision on each year's format is taken only after careful consideration by the Board of Management and with the approval of the Supervisory Board.



Supervisory Board Elections

This year, the Supervisory Board recommends Alberto Weisser for re-election. Alberto has been a valuable member of the Supervisory Board since 2021, bringing key international business, agricultural, finance, and risk management skills through his prior role as CEO of Bunge Limited and his current role as a Senior Consultant of Temasek International. He has significant corporate governance experience from public company board roles in the United States and Europe and is a valued member of the Presidial Committee and Nomination Committee.

The Supervisory Board's members, including 10 stockholder representatives and 10 employee representatives, collectively bring skills and experiences aligned directly with our go-forward strategy, in addition to a diversity of backgrounds, ages, and tenures. Assuming election of Alberto Weisser at the 2025 Annual Stockholders' Meeting, stockholder representatives of the Supervisory Board will be balanced in age between 52-70, 50% will be female, 70% will be citizens of a country other than Germany and numerous members will have many years of international business experience.

Board of Management Compensation for 2024

2024 reflected the first year our Board of Management was compensated under the system overwhelmingly approved by shareholders at our 2024 Annual Stockholders' Meeting. The updated system was designed to incorporate the comprehensive feedback we received from our shareholders, with adjustments focused on providing greater transparency and utilizing more ambitious parameters in the key performance indicators used for variable compensation. We continued to receive positive feedback from shareholders on the new system during our Corporate Governance Roadshow engagements.

In 2024, Bayer's financial and operational results fell short of our ambitious targets in several areas. This resulted in average direct compensation to the Board of Management at 50% of target, with incentive payouts as follows:

- Short-term incentive (STI) target attainment was 72%. While we achieved free cash flow on target, core earnings per share and currency- and portfolio-adjusted sales growth for 2024 were below target.
- For long-term variable compensation (LTI), the payout for the Aspire 3.0 tranche granted in 2021 was substantially below target, at 22% at the end of the four-year performance period, reflecting disappointing absolute and relative share price performance as well as the fact that the company did not earn its cost of capital (ROCE) in 2024.



Sustainability

Bayer is guided by its mission of “Health for all, Hunger for none.” Our three divisions uniquely position us to advance healthcare and make a crucial contribution to food security. We have established clear and objective goals guided by our “strategic triangle” of climate protection, access to healthcare and food security. We continue to make progress on these goals, as detailed in our 2024 Sustainability Statement.

In 2024, our commitment to sustainability was furthered by publishing our Climate Transition and Transformation Plan, which details our path to net zero by 2050 or sooner. In addition, the plan addresses how Bayer leverages its unique business position to aid farmers, patients, and consumers impacted by the effects of climate change.

Conclusion

Thank you for your constructive participation in the areas that we as a company have focused on this past year. The Supervisory Board looks forward to continued dialogue with you as we work to return Bayer to a place of improved long-term performance and value creation. We appreciate your continued investment and support.

Leverkusen, March 2025
For the Supervisory Board:

Norbert Winkeljohann
Chairman