



Corporate Governance Presentation

Annual Stockholders' Meeting

April 28, 2023





Cautionary Statements Regarding Forward-Looking Information

This presentation 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 <http://www.bayer.com/>.

The company assumes no liability whatsoever to update these forward-looking statements or to conform them to future events or developments.



Update On Key Focus Areas

Our long-standing engagement program allows for stockholders to provide feedback and our team to share responsive actions

Focus Areas	Recent Updates
CEO Transition	<ul style="list-style-type: none"> // Bill Anderson, most recently CEO of Roche's Pharmaceuticals Division, named CEO of Bayer to succeed Werner Baumann // Mr. Anderson joined Bayer's Board of Management April 1 and will become CEO effective June 1 // Appointment is the result of a comprehensive CEO succession search process led by the Supervisory Board
Business Performance	<ul style="list-style-type: none"> // Delivered on ambitious full-year financial targets, which were revised upwards in August // Achieved record EBITDA before special items and core EPS in 2022; expectations are for 2023 levels to be slightly lower than prior-year results but above our mid-term targets // Significantly strengthened innovation pipeline while delivering on top-line and profitability, and will launch several late-stage assets moving through 2023
Compensation	<ul style="list-style-type: none"> // Engaged stockholders representing approximately half of shares held by institutional investors following low vote outcome in 2022 // Stockholder feedback informed responsive changes to our compensation program, including enhanced target-setting and performance measurement processes, increased transparency, expanded scope/size of the Human Resources and Compensation Committee, and a discretionary reduction for our CEO's bonus payout to better align with the long-term stockholder experience
Board & Governance	<ul style="list-style-type: none"> // Appointed a new independent stockholder representative to the Supervisory Board expanding skillset and geographical presence; five new members since 2018 // Refreshed composition of all Supervisory Board committees // Supervisory Board continues to reflect effective skillset, mix of tenures, and diversity
Climate & Human Capital Management	<ul style="list-style-type: none"> // Progress on our 2030 non-financial environmental and social targets, including supporting smallerholder farmers, enhancing access to contraception and healthcare in underserved communities, and reducing our greenhouse gas emissions // Added three new members to our Sustainability Council in February 2023 // Removal of MSCI red flag as a result of continued strong ESG practices; secured a place on CDP's annual 'A List' for climate leadership for 5th consecutive year // Launched two new employee-led Business Resource Groups: BayAfro and MERGE



Bill Anderson Appointed CEO of Bayer

Joined Board of Management on April 1; CEO effective June 1



Bill Anderson

- // Has served in various leadership positions in the life sciences industry over the past 25 years
- // Most recently served as CEO of Roche's Pharmaceuticals Division
 - // Successfully led a comprehensive transformation program which resulted in many successful new product launches significant revenue growth, and greater productivity across the organization
- // Former CEO of Genentech, one of the pioneering companies in the biotech field; previously at Biogen and Raychem
- // Involved in the development and launch of 25 new medicines in his career, including 15 blockbusters
- // Mr. Anderson and Mr. Baumann will work together on a smooth transition before Mr. Baumann retires from Bayer after 35 years of service at the end of May 2023

"He is the ideal candidate to lead Bayer together with the team into a new, successful chapter at a time of a disruptive innovation cycle in biology, chemistry, and artificial intelligence." – Prof. Dr. Norbert Winkeljohann, Chairman of the Supervisory Board



Fully Achieved 2022 Upgraded Guidance

Achieved 2022 guidance across a number of key financial metrics

// Sales reached €51bn, up 9% on a currency and portfolio adjusted basis, against an already strong prior year and above initial 2022 target

// Adjusted earnings increased well above expectations to €7.94. With the strong pricing based topline contributions and savings from efficiency programs, Bayer was able to offset increasing cost inflation

// Free Cash Flow more than doubled to €3.1bn YoY mainly driven by substantially lower net settlement payments

Net Sales

in €bn; Δ% yoy

EBITDA margin

before special items

Core EPS

in €

Free cash flow⁽¹⁾

in €bn

Net financial debt

in €bn

FY 2021

44.1

25.4%

6.51

1.4

33.1

Outlook 2022

*as of Nov 2022
incl. currency impact*

50.5 – 51.5

25% – 26%

~ 7.70

~ 3.0

~ 33

FY 2022

50.7
+15% / +9% cpa

26.6%

7.94

3.1

31.8

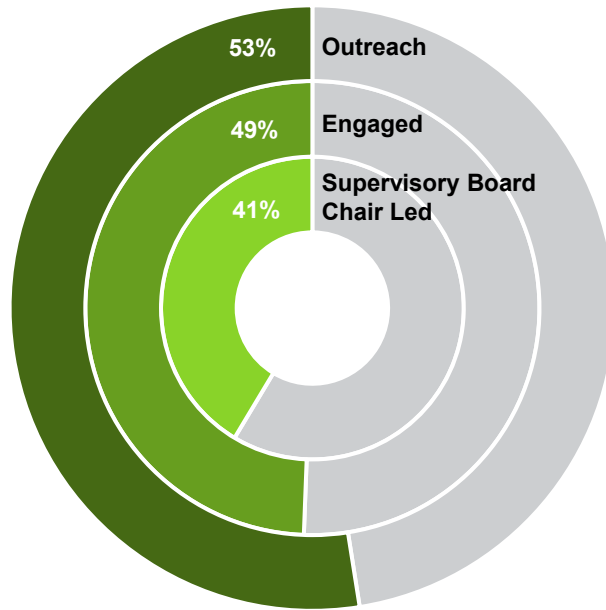




Compensation Outreach and Responsive Actions

Extensive stockholder outreach culminated in actions to address the low support on our Compensation Report at the 2022 Annual Meeting

Fall 2022 Compensation Outreach
% of Shares Held by Institutional Investors⁽¹⁾



Items in bold highlight responsive actions not fully reflected in the ISS analysis

What We Heard	Responsive Actions
Metric Adjustments Should be Limited and Ensure Alignment with Stockholder Experience	<ul style="list-style-type: none"> // Reduced the 2022 individual performance factor of CEO by 14 percentage points (to 95% of target), to better align with the long-term stockholder experience // Defined and disclosed framework for adjustments to ensure alignment between payouts and the stockholder experience; adjustments were consistently applied when 2022 targets were set and payouts calculated // Clarified that the Supervisory Board does not have the ability to discretionarily modify payouts for any metrics besides individual performance under the current system; the Supervisory Board is considering including this flexibility for the new compensation system in 2024
Target Setting Should be More Rigorous	<ul style="list-style-type: none"> // Aligned setting of compensation targets with the setting of capital markets guidance // Provided disclosure that explains the rigor of target-setting at the time compensation targets are set // All 2022 targets across cEPS, FCF and divisional EBITDA were set in-line/above 2021 targets/actuals. Divisional growth targets all required increases in actual performance
Increase Pension Cost Transparency	<ul style="list-style-type: none"> // Enhanced disclosures of factors impacting service costs to be clear these factors were accounting effects rather than discretionary adjustments // Clarified that the outgoing CEO's pension is contractual, a legacy program, and the Supervisory Board cannot unilaterally modify; this program is not applicable to other Management Board members and new executive pensions are calculated as a percentage of salary, aligned with current German market practice
System Continues to be Appropriate	<ul style="list-style-type: none"> // System will be put to a stockholder vote in 2024 following a comprehensive review of all compensation system components
Compensation Process Should Be More Transparent	<ul style="list-style-type: none"> // Developed a framework and principles to support a clear approach in setting targets, applying adjustments and measuring/evaluating performance // Enhanced disclosures around the decisions taken by the Supervisory Board, including the considerations of the Human Resources and Compensation Committee when setting targets and determining performance // Optimization of interfaces to other relevant committees (e.g. Audit, ESG) and expansion of the Human Resources and Compensation Committee
Increase Severance Payment Transparency	<ul style="list-style-type: none"> // Enhanced disclosures regarding the approach to payments for outgoing Board of Management members to be clear these were reporting requirements and not early LTI payments



Compensation System Overview

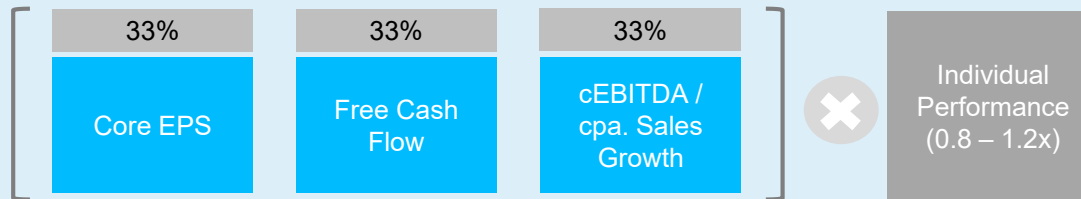
Base Salary

// Fixed compensation

// No new increases approved in 2022

Short-term Incentive (STI)⁽¹⁾

Financial Performance (Cap: 200% of target)

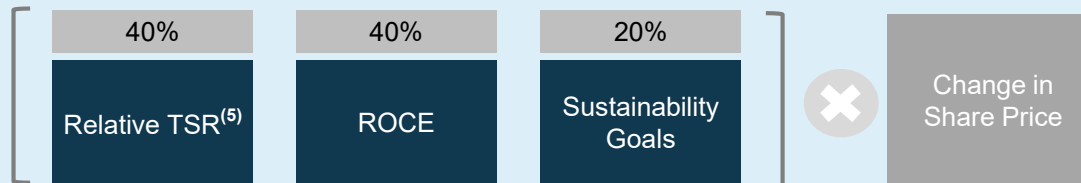


CEO STI Payout in 2022

	Target Attained/Max ⁽²⁾
Core EPS:	200/200
Free Cash Flow:	60/200
cEBITDA Margin / cpa. Sales Growth:	108/200
Performance Factor ⁽³⁾ (14% reduction):	95/120
Total:	117/200
CEO Payout (€m):	1.9/3.2

Long-term Incentive (LTI)^(1,4)

4 Year Performance Period (Cap: 250% of target)



CEO LTI Payout in 2022⁽²⁾

	Target Attained/Max ⁽²⁾
Relative TSR:	57/200
Share Price Development:	-17%
Accumulated Dividends per Share:	€ 9.60
Total:	62/250
CEO Payout (€m):	1.7/7.1

(1) All metrics measured at group level other than cEBITDA / cpa.Sales Growth which are measured at division level.

(2) Numbers shown are as percent of target.

(3) CEO performance factor was reduced by 14 percentage points to better align with the long-term stockholder experience

(4) Payout includes dividend equivalent added after multiplication.

(5) Comparison with EURO STOXX® 50 TR.



Supervisory Board Exhibits a Balanced Mix of Skills & Diversity

Equal representation from Stockholders and Employees to support oversight of the Board of Management

Stockholder Representative Skills Aligned With Strategy



Prof. Dr. Winkeljohann **Chairman**

// Former Chairman of the Board of Management of PricewaterhouseCoopers GmbH and Europe SE
// Extensive global experience in management, auditing and consulting



Dr. Paul Achleitner

// Investor



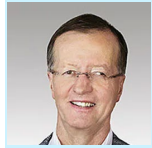
Dr. rer. nat. Simone Bagel-Trah

// Chairman of the Supervisory Board, Henkel and Henkel Management



Horst Baier

// Independent Consultant



Dr. Norbert W. Bischofberger

// President and CEO, Kronos Bio



Ertharin Cousin

// Independent Consultant



Colleen A. Goggins

// Independent Consultant



Kimberly Mathisen

// CEO, HUB Ocean



Alberto Weisser

// Senior Consultant, Temasek International



Prof. Dr. med. Dr. h.c. mult. Otmar D. Wiestler

// President, Hermann von Helmholtz Association of German Research Centers

New Independent Board Member Appointed in 2022



Kimberly Mathisen
(joined Sep. 2022)

// CEO, HUB Ocean
// Former GM - Norway, Microsoft
// 20+ years of international experience in digitalization, technology, branded consumer goods, and pharmaceuticals

2022 Committee Refreshment: New Members⁽¹⁾

// Presidial Committee: 2 of 4	// Nomination Committee: 1 of 4
// Audit Committee: 2 of 6	// Innovation Committee: 2 of 8
// Human Resources & Compensation Committee: 3 of 6	// ESG Committee: 2 of 8

Current term expires at 2023 AGM.

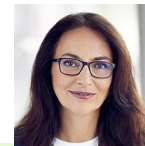
Employee Representatives Ensure Consideration of Employee Interests



Heike Hausfeld
Vice Chairwoman



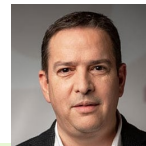
André van Broich



Yasmin Fahimi



Dr. Barbara Gansewendt



Francesco Grioli



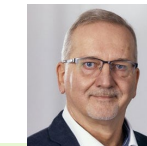
Frank Löllgen



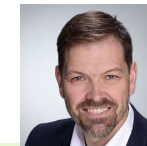
Andrea Sacher



Claudia Schade



Heinz Georg Webers



Michael Westmeier



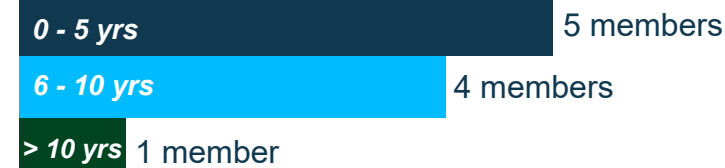
Supervisory Board Exhibits a Balanced Mix of Skills & Diversity

Thoughtful Skills Composition, Robust Refreshment, and Highly Diverse Board⁽¹⁾

Skills Composition Allows for Effective Oversight of Strategy

	Ach-leitner	Bagel-Trah	Baier	Bischof-berger	Cousin	Goggins	Mathisen	Weisser	Wiestler	Winkel-johann
International Business Exp.	X	X	X	X	X	X	X	X	X	X
Research & Development				X			X		X	
Agriculture / Food					X		X	X		
Healthcare				X		X	X		X	
Finance	X		X					X		X
Controlling / Risk Mgmt.	X	X	X					X		X
Human Resources	X	X	X		X	X	X	X		X
Governance / Compliance	X	X	X		X			X		X
Digital							X			X
Sustainability		X	X		X		X	X		X
Independence		X	X	X	X	X	X	X	X	X

Tenure



Average tenure of 6.6 years

5 new members added to the Supervisory Board since 2018

Age Range

50-68

relatively equal distribution

Gender Structure



40% Female

International Diversity⁽²⁾



⁽¹⁾ Represents statistics for the Supervisory Board's stockholder representatives only.

⁽²⁾ Representative of nationalities.



We Request Your Support at the 2023 Annual Stockholders' Meeting

Item	Select Agenda Items	Rationale for Support
2	Approve Discharge of the Board of Management for Fiscal Year 2022	<i>Board of Management successfully executed on Bayer's strategic and financial priorities for the year in review meeting our upgraded guidance for 2022 and providing a strong foundation for sustainable growth. Bayer also has begun a CEO transition that will position us well strategically and operationally for the future</i>
3	Approve Discharge of Supervisory Board for Fiscal Year 2022	<i>Supervisory Board's oversight of strategic actions and responsiveness across Bayer's strategic priorities, risk oversight process, compensation and governance practices, and sustainability for year in review position Bayer to achieve long-term success</i>
4	Re-Elect Members to the Supervisory Board - Kimberly Mathisen - Prof. Dr. Norbert Winkeljohann	<i>Our nominees bring valuable skills and experience further enhancing the Supervisory Board's collective oversight capabilities. Ms. Mathisen brings a fresh perspective and valuable international experience in digitalization, technology, branded consumer goods, and pharmaceuticals. Prof. Dr. Winkeljohann continues to effectively lead our board as Chairman</i>
5	Approve Compensation Report	<i>The compensation report demonstrates the thoughtful design of the compensation program that incentivizes the execution of our strategy, is aligned to stockholder interests, and pays for performance. In 2022, the Supervisory Board, led by the expanded Human Resources and Compensation Committee, enacted impactful changes to respond to feedback and align our compensation program to the expectations of our stockholders</i>
6	Approve Authorization to Hold Annual Stockholders' Meeting Virtually	<i>Holding the Annual Stockholders' Meeting virtually under the new rules allows for active participation by more stockholders, decreases travel expenses and correspondingly lowers CO2 emissions, and lowers event costs</i>
	Transact Other Business	<i>The subject of any new items or counterproposals proposed at the Annual Stockholders' Meeting is not known in advance of the meeting. Therefore, it is in stockholders' best interest to instruct their proxies to vote AGAINST other business proposed at the meeting on a precautionary basis</i>



Appendix



Board Oversight of Sustainability & ESG

Actions taken to strengthen the oversight of the execution of our sustainability strategy

Supervisory Board ESG Committee

- // Comprises the Chairman of the Supervisory Board and seven other Board members with equal stockholder and employee representation
- // The Board of Management reports to the Supervisory Board on sustainability matters at least quarterly and consults with Supervisory Board members on topics aligned with their experience
- // Focused in particular on the following:

**Sustainability Integration into
Business Strategy and Reporting**

**Establishment of
Sustainability Targets**

**ESG Risks and
Opportunities**

**Non-mandatory
ESG Reporting**

**Sustainability
Governance**

Sustainability Council Advises Board of Management

- // Independent external Council advises the Board of Management on all sustainability matters
- // Transparent annual reporting on the Council's work, recommendations, and interactions, with the most recent report published [April 2022](#)
- // Members include leading sustainability experts related to the key focus areas below
- // Met several times with members of the Board of Management and other Bayer representatives. Discussion areas included:

**ESG Risks &
Opportunities**

**Sustainable
Finance**

**Inclusive
Growth**

**Inclusion &
Diversity**

**Sustainable
Agriculture**

**Biodiversity
Preservation**

**Carbon
Capture in Ag**



Sustainability: Strategic Elements, Impacts, and 2030 Targets

Implementation of our 2030 Targets are fully on track, and in line with UN SDGs and the Science Based Targets Initiative

SDGs on which we have the greatest impact through our businesses



Our vision: Health for all, hunger for none

OUR TARGETS ON PEOPLE UNTIL 2030

2022 Progress

Supported 52 million smallholder farmers in LMICs with high-quality seeds, crop protection products, technologies, and services

Enhanced access to modern contraception for 44 million women in LMICs; advanced access to everyday health for 49 million people in underserved communities

Support 100 million people in underserved communities with self-care

Increase availability and affordability of our innovative pharma products in LMICs

Fulfill the need of 100 million women in LMICs for modern contraception

Achieve gender parity at each individual managerial level

Women's Empowerment

Support 100 million smallholder farmers in LMICs

Food security

Access to health

Inclusive growth

ESG

Acting responsibly along the entire value chain

Reduced ecological footprint

Climate protection

Environmental impact reduction

Environmental protection

OUR TARGETS ON PLANET UNTIL 2030

Achieve climate neutrality at our sites (incl. ~42% Scope 1 & 2)

Reduce emissions in our supply chain (~12.3% Scope 3)

Reach net zero emission until 2050 (Scope 1, 2, & 3)

Reduce GHG emissions by 30% in key agricultural crops in main regions

Reduce environmental impact of Bayer's crop protection products by 30%

Transition all Consumer Health products to 100% recyclable or reusable packaging

2022 Progress

Reduced total greenhouse gas emissions by around 1.1 million tons compared to 2019

Exceeded targets regarding the reduction in our own emissions (Scope 1 and 2), achieving a decline of 19.5% since 2019

LMICs: low- and middle-income countries.

Bayer Recognized as Leader In 2022



Advanced four places to rank 9 in the Access to Medicine Index



MSCI removed all red flags for Bayer; ESG rating upgraded from "BB" to "A"



Recognized by CDP for leadership in climate change, continuing to secure place on its annual 'A List'



Our Commitment to Human Capital Management (HCM)

Improving employee engagement and making progress towards our I&D aspirations are key aspects of our transformation and culture change

// **Enterprise-wide I&D action plan in close partnership** with markets and divisions to demonstrate progress across all dimensions of I&D strategy and aspirations.

Concrete I&D Activities:

- **Driving diverse hiring, retention & development:** reducing bias, especially in Talent Acquisition, though diversity in hiring panels, candidate slates, and stay interviews as well as launching Sponsorship Program
- **Ensuring inclusion & respect at work:** launching two additional global Business Resource Groups (BayAfro and MERGE) and enhancing our holistic diversity positioning beyond just gender
- **Understanding and recognizing I&D-related needs and progress:** embedding I&D in our Succession Planning/Executive Development, measuring KPI dashboard, focus on employee upskilling

// **Employee Engagement and I&D-related KPIs are part of our Non-financial Group Goals:** progress updates are regularly discussed with the Board of Management and Supervisory Board with annual updates published externally in the Annual Report & Sustainability Report

// **Strengthening of our Employer Value Proposition (EVP):** investment in Performance Excellence, Sustainability, and Employer Branding

2022 Progress Towards Gender Balance in Management⁽¹⁾

Managerial⁽²⁾: 43.5% (+1.1%)

Top Management⁽²⁾: 28% (+1.3%)

Inclusion Index⁽³⁾

4.0 (+0.1)

Employee Engagement: 4.0 (+0.1% versus 2021)

For more details, please review [our strategy to continue to advance I&D](#)

(1) Current progress is November 30, 2022 vs. baseline October 2020; Top management reflects the Global Leadership Circle and Global Executive Circle.

(2) Progression over 12 months: November 2021 to November 2022

(3) Employee Voice 2022/2 compared to Employee Voice 2021/2