Health for all, Hunger for none

Annual Report 2024

Five-Year Summary

€ million	2020	2021	2022	2023	2024
Bayer Group financial KPIs					
Sales	41,400	44,081	50,739	47,637	46,606
EBITDA[1]	(2,910)	6,409	13,515	10,632	8,712
EBITDA before special items[1]	11,461	11,179	13,513	11,706	10,123
EBITDA margin before special items[1]	27.7%	25.4%	26.6%	24.6%	21.7%
EBIT[1]	(16,169)	3,353	7,012	612	(71)
EBIT before special items[1]	7,095	7,295	9,257	7,589	5,436
Net income (from continuing and discontinued operations)	(10,495)	1,000	4,150	(2,941)	(2,552)
Earnings per share (from continuing and discontinued operations) (€)[1]	(10.68)	1.02	4.22	(2.99)	(2.60)
Core earnings per share (from continuing operations) (€)[1]	6.39	6.51	7.94	6.39	5.05
Free cash flow	1,343	1,415	3,111	1,311	3,107
Net financial debt	30,045	33,137	31,809	34,498	32,626
Return on capital employed (ROCE) (%)	–16.5	3.8	7.7	0.7	–0.1
Research and development expenses	7,126	5,412	6,572	5,371	6,209
Dividend per share (€)	2.00	2.00	2.40	0.11	0.11
Bayer Group nonfinancial KPIs[2]					
Number of smallholder farmers in low- and middle-income countries supported by products, services and partnerships (million)	45	49	52	53	52
Number of women in low- and middle-income countries who have their need for modern contraception satisfied due to interventions supported by Bayer (million)	40	41	44	46	51
Number of people in underserved[3] communities whose self-care is supported by interventions from Bayer (million)	43	46	49	51	53
Scope 1 and 2 greenhouse gas emissions (million metric tons)	3.58	3.17	3.03	3.00	2.96
Scope 3 greenhouse gas emissions from relevant categories (million metric tons)[4]	7.93	7.97	8.98	8.44	7.70
Offsetting of remaining Scope 1 and 2 greenhouse gas emissions (million metric tons)	0.20	0.30	0.45	0.60	0.71
Employees					
Number of employees[5] (Dec. 31)	99,538	99,637	101,369	99,723	92,815
Personnel expenses (including pension expenses and restructuring measures) (€ million)	9,769	11,798	12,619	10,691	12,451

[1] For definition see A 2.3 "Alternative Performance Measures Used by the Bayer Group."
[2] For more information see A 4 Sustainability Statement.
[3] Economically or medically
[4] Values for 2020, 2021 and 2022 were updated due to new findings in category 3.1.
[5] Employees calculated as full-time equivalents (FTEs)

Fiscal 2024

// Group sales at €46.6 billion (Fx & p adj. +0.7%, reported –2.2%), negative currency effects of around €1.3 billion

// EBITDA before special items at €10.1 billion (–13.5%)

// Crop Science reports slight decrease in sales, significant decline in earnings year on year

// Pharmaceuticals posts sales growth (Fx & p adj.), earnings mainly impacted by currency headwinds

// Consumer Health records slightly higher sales (Fx & p adj.), earnings down marginally

// Core earnings per share at €5.05 (–21.0%)

// Net income at minus €2.6 billion, impairment losses at Crop Science

// Free cash flow increases to €3.1 billion, net financial debt reduced to €32.6 billion

// Proposed dividend of €0.11 per share

// Outlook for 2025: Sales roughly at prior-year level, EBITDA before special items and core EPS to decline

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Chairman's Letter

Dear Stockholders and friends of Bayer:

2024 was a year of strong contrasts for us. While we made considerable progress with our Pharmaceuticals pipeline and conversion of earnings to cash, we also had to lower our guidance, mainly as a result of strong headwinds in our Crop Science business. On top of that, the uncertainty caused by ongoing litigation hurt our share price development, which was without doubt disappointing. That's why I would like to start by offering my sincere thanks to all of our investors who have stood by us during our – at times bumpy – transformation. We are totally committed to unleashing the full potential of our company. That's why we are strenuously working on the strategic priorities that we defined last year. We are making progress, and we are confident that this progress will also be reflected in our financial outcomes in the future.

While last year's business figures did meet our adjusted guidance, they were not where we ultimately want them to be. Our sales came in at approximately €47 billion, having been impacted by considerable negative currency effects. EBITDA before special items declined by 13.5 percent to around €10 billion. Core earnings per share, at €5.05, were significantly below the prior-year figure. By contrast, we increased our free cash flow to just over €3 billion and improved our net financial debt to approximately €33 billion.

On the divisional level, performance was varied. Sales at Crop Science fell slightly compared to the prior year and earnings declined significantly. Pharmaceuticals generated sales growth on a currency- and portfolio-adjusted basis, but earnings were mainly held back by product mix and currency effects. Consumer Health also slightly increased its sales on a currency- and portfolio-adjusted basis but saw earnings decrease marginally.

Bayer CEO Bill Anderson

In terms of the dividend, we are again planning to pay out only the legally required minimum this year. Our priority is to reduce our debt level so that we can boost our financial flexibility. Accordingly, we will once again propose a dividend of €0.11 per share to the Annual Stockholders' Meeting.

We all look forward to being able to pay out a larger dividend to shareholders. However, at last year's Capital Markets Day, we communicated that Bayer's rejuvenation would take two to three years. Since that time, we have seen many positive developments that make us optimistic about our medium- and long-term prospects. One example is our pipeline of new products that will enable future growth. But 2025 will be another challenging year. As communicated in fall, our expectations for sales are fairly modest, and we expect our earnings to decline. However, we plan to counteract this by accelerating our efforts to cut costs and boost efficiency. And we are working hard to continue improving in cash conversion.

We are expecting major developments on the litigation front in 2025. In the glyphosate litigation, we will file a petition for review with the US Supreme Court, as we've announced previously. We have also made considerable progress in our talks with policymakers at the federal and state level, and legislation has been introduced in Congress and numerous states. These laws would give farmers and manufacturers more legal certainty regarding labeling. We are receiving a great deal of support from farming associations who are concerned about the availability of one essential product,

glyphosate. Without reforms, the United States runs the risk of losing a domestically manufactured crop protection tool that has time and again been classified as safe by regulatory authorities all over the world. Last year, we received positive outcomes in six of the eight trials heard in a court of first instance, and are appealing the other verdicts. We will continue to defend ourselves in court, backed by the strong scientific and regulatory consensus. However, we are also prepared to settle when it is in the company's interest.

The same applies for PCBs. Here, too, we could see an important judgment in the coming months, in this case by the Washington Supreme Court. One of the questions at issue is whether punitive damages are even permissible in this state. An important thing to bear in mind in the PCB litigation is that we will continue to fight to ensure that the former customers of Monsanto honor their contractual commitments and shoulder the costs of these legal disputes.

Despite the burden of ongoing litigation, we're seeing more and more examples of our innovative capabilities. Our **Pharmaceuticals Division**, for example, is preparing four major product launches in 2025. New indications should be approved for our cancer drug Nubeqa™ and for Kerendia™ for the treatment of a common form of heart failure. We also plan to launch two new medicines: elinzanetant, a hormone-free treatment for menopause symptoms, and acoramidis, a drug for the treatment of a certain form of heart disease. In addition, we are continuing the launch of Eylea™ 8 mg, which enables extended treatment intervals in retinal diseases. Our cell and gene therapy platform is also making significant progress and has reached major milestones in clinical trials, in particular in Parkinson's disease.

The progress we have made with our market launches will go some way towards cushioning the impact of the loss of exclusivity of Xarelto™, and we will continue to strengthen our Pharmaceuticals pipeline with promising development candidates.

In **Crop Science**, we have successfully launched the breeding version of our Preceon™ Smart Corn System in the United States, and are currently introducing it in Italy and Spain. Crop Science has announced a total of ten potential blockbusters in the next decade, i.e. products with a peak sales potential of more than €500 million each. We will start this year with Plenexos, our new insecticide, which will be followed from 2027 onward by our new herbicide icafolin and our next-generation soybean traits. The pipeline has peak sales potential amounting to €32 billion in total. Crop Science is also supporting medium- to long-term growth by working on innovative crops that can be used in the production of low carbon intensity biofuels, which will help decarbonize the transport sector.

We have a clear strategy to swiftly return to profitable growth at Crop Science. Our plan includes both significant earnings contributions and increasing our cash productivity.

In **Consumer Health**, we are focusing on volume growth and concentrating on key brands that are popular among consumers. We had some important product launches here last year. In the United States, for example, we launched an innovative fizzy melt formula for Alka-Seltzer Plus™ for digestive relief and a fizzy chew for cough & cold designed for on-the-go consumers. We also launched the Iberogast™ brand in the United States and IberoFlora™ in Latin America, and rounded off our portfolio in India with the launch of the Bepanthen™ skin care line and the introduction of Saridon™ pain relief for women.

The positive developments in each division have been considerably accelerated by the implementation of our new operating model, Dynamic Shared Ownership (DSO). Most of our employees are now working in autonomous cross-functional teams focusing solely on our customers and our products. DSO accelerates decision-making, gets innovations faster to market and reduces costs. We are also roughly halving the number of management layers at Bayer, a measure that has already led to the elimination of approximately seven thousand, predominantly managerial, jobs.

I would also like to mention our sustainability targets. From the beginning, we have sought to achieve a vibrant sustainability that benefits shareholders as well as other stakeholders. We stand by our commitments, and we are in an almost unrivaled position among our competitors to contribute in three interlinked areas: climate protection, food security and access to healthcare. As part of our Transition and Transformation Plan, we have defined concrete targets and measures as we look to track our progress. We aim to achieve net zero emissions across our entire value chain by 2050, and we are already well on track: The Science Based Targets initiative recently confirmed Bayer's targets for reducing greenhouse gas emissions. Last year, Bayer enabled access to essential vitamins and minerals for 23 million people in underserved communities, helped smallholder farmers grow fruits and vegetables, and drove nutrition education for 170,000 people in rural communities as part of our Nutrient Gap Initiative.

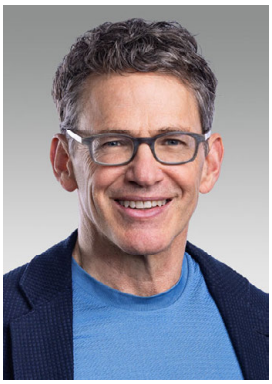
Our mission of "Health for all, Hunger for none" resonates with people all over the world. When I visit our sites, I often hear from patients, farmers and consumers just how important our work is to them. That is a big part of what motivates us – including when it comes to tackling the major challenges facing our company. Our businesses are not just capable of making the lives of countless people better. They are also able to generate sustainable growth for you, our valued stockholders.

I hope that we can continue to count on your support.

Sincerely,

Bill Anderson
Chairman of the Board of Management (CEO) of Bayer AG

Board of Management



Bill Anderson

Chairman (CEO)

William N. (Bill) Anderson studied Chemical Engineering at the University of Texas and the Massachusetts Institute of Technology (MIT), where he also gained his Master of Science in Management. He started his professional career in specialty chemicals before moving to the biotechnology industry, where he held global leadership positions at various companies including Biogen and Genentech. He joined Roche Pharmaceuticals in 2013 and became its CEO in 2019. He has been a member of Bayer's Board of Management since April 1, 2023, and Chairman of the Board of Management (CEO) since June 1, 2023.

Wolfgang Nickl

Finance

Wolfgang Nickl studied business administration in Stuttgart and Los Angeles. Following numerous roles in Europe and the United States at Western Digital Corporation, Nickl was appointed Chief Financial Officer in 2010. In 2013, he joined Netherlands-based ASML N.V. as Executive Vice President and Chief Financial Officer. Nickl has been a member of the Bayer Board of Management since April 2018.

Heike Prinz

Member of the Board of Management

Heike Prinz studied business administration in Berlin and holds a degree in business administration. She joined the former Schering AG in 1986, which was acquired by Bayer in 2006. From 2009, she held various management positions at Bayer Pharmaceuticals in Singapore, Thailand and Japan. In 2021, she became Head of Commercial Operations EMEA (Europe, Middle East and Africa) at Bayer Pharmaceuticals. In September 2023, Heike Prinz was appointed to the Board of Management of Bayer AG as Chief Talent Officer and Labor Director.

Rodrigo Santos

Crop Science

Rodrigo Santos studied Agricultural Engineering in São Paulo and received his MBA in Ohio. He joined Monsanto in 1999 and recently served as Chief Operating Officer at Bayer's Crop Science Division. During those years he held different positions in sales, marketing, and strategy, among others, leading organizations in Latin America, Europe and the United States. Santos has served as a member of the Bayer Board of Management and head of the Crop Science Division since January 2022.

Stefan Oelrich

Pharmaceuticals

Stefan Oelrich joined Bayer as a commercial trainee. After qualifying as a commercial assistant, he held a number of positions of increasing responsibility in Bayer's HealthCare business. In 2011, Oelrich joined Sanofi, where he held numerous roles before being appointed Executive Vice President Diabetes & Cardiovascular in the company's Executive Committee. Oelrich has served as a member of the Bayer Board of Management and head of the Pharmaceuticals Division since November 2018.

Julio Triana

Consumer Health

Julio Triana studied biology and chemistry at the University of Houston and neuroscience at the University of Texas Graduate School of Biomedical Sciences, and holds a Master of Business Administration from Universidad Antonio de Nebrija in Madrid, Spain. After working as a research scientist and transferring to Pricewaterhouse-Coopers, he joined the Bayer Group in 2002, where he has held various management positions including Chief Financial Officer and Chief Transformation Officer of the Pharmaceuticals Division. Julio Triana has been a member of the Board of Management of Bayer AG since April 1, 2024, and is head of the Consumer Health Division.

Report of the Supervisory Board

Dear Shareholders:

2024 was a challenging year for Bayer that was marked by volatile business dynamics. Over the course of the year, the Supervisory Board focused on the company's strategic alignment and problem areas, such as the continuing litigations in the United States, the company's high leverage ratio and the further development of the pharmaceutical pipeline. In addition, the head of Consumer Health position on the Board of Management needed to be refilled, with the Supervisory Board appointing Julio Triana to take on this role. There were also changes on the Supervisory Board, with three longstanding stockholder representatives stepping down from the Supervisory Board at the end of the 2024 Annual Stockholders' Meeting. Lori Schechter, Dr. Nancy Simonian and Jeffrey Ubben – the candidates proposed by the Supervisory Board – were elected as their successors at the Annual Stockholders' Meeting. There was also a change among the employee representatives, with Marianne Maehl succeeding departing member Heinz Georg Webers.

Over the course of 2024, the Supervisory Board regularly monitored the conduct of the company's business by the Board of Management and acted in an advisory capacity. This involved the Board of Management delivering comprehensive written and oral reports to the Supervisory Board based on the detailed set of information guidelines in place. In addition, the Chairman of the Supervisory Board maintained a constant exchange of information with the Chairman (CEO) and the other members of the Board of Management. Furthermore, the Chairman of the Supervisory Board and the Chairman of the Audit Committee were regularly in direct contact – including outside of the meetings – with the head of the Law, Patents, Insurance, Compliance and Data Privacy unit, the head of Internal Audit and Risk Management, and the head of Finance, which comprises the Accounting, Taxes and Treasury units. The Chairwomen of the ESG Committee and the newly created Legal Risk Committee were also regularly in direct contact with the respective specialist departments. In this way, the Supervisory Board was kept continuously informed about the company's intended business strategy, corporate planning (including financial, investment and human resources planning) and earnings performance, as well as the state of the business and the situation in the company and the Group.

Where Board of Management decisions or actions required the approval of the Supervisory Board, whether by law or under the Articles of Incorporation or the Rules of Procedure, the draft resolutions were inspected by the members at the meetings of the full Supervisory Board, sometimes after preparatory work by the committees, or approved on the basis of documents circulated to the members. The Supervisory Board was involved in decisions of material importance to the company. We discussed at length the business trends described in the reports from the Board of Management and the development prospects for the Bayer Group as a whole as well as for the divisions and key markets.

Changes on the Supervisory Board

The terms of office of the following stockholder representatives were due to end after the Annual Stockholders' Meeting on April 26, 2024: Dr. Norbert W. Bischofberger, Dr. rer. nat. Simone Bagel-Trah, Horst Baier, Ertharin Cousin and Prof. Dr. med. Dr. h.c. mult. Otmar D. Wiestler. The Annual Stockholders' Meeting reelected Horst Baier and Ertharin Cousin to the Supervisory Board, and also elected Lori Schechter, Dr. Nancy Simonian and Jeffrey Ubben to replace the departing members Bischofberger, Bagel-Trah and Wiestler. In addition, employee representative Heinz Georg Webers' term of office ended on August 31, 2024, due to retirement. The competent court appointed Marianne Maehl as his successor effective September 1, 2024.

Work of the Supervisory Board

The Supervisory Board convened for seven meetings in 2024, with the strategy meeting in September held across several days in New York. The attendance rate of the individual Supervisory Board members at the meetings of the Supervisory Board and its committees is disclosed at the end of this Report.

Prof. Dr. Norbert Winkeljohann,
Chairman of the Supervisory Board of Bayer AG

The members of the Board of Management generally attended the meetings of the Supervisory Board. Each ordinary meeting formally includes an “executive session” as a separate agenda item, during which no Board of Management members are present. Ordinary Audit Committee meetings also include executive sessions that involve the Audit Committee consulting with the auditor without the Board of Management present.

The employee representatives and the stockholder representatives each held preparatory discussions prior to the ordinary meetings of the Supervisory Board.

The Supervisory Board Chairman took the opportunity to speak to investors about specific Supervisory Board matters during corporate governance roadshows as well as on other occasions. These matters included the composition and compensation of the Board of Management, the composition of the Supervisory Board and other governance-related topics. A detailed overview of the topics discussed during the corporate governance roadshows can be found in the “Corporate Governance Presentation” on the website for the 2024 Annual Stockholders’ Meeting.

Matters discussed during the meetings of the full Supervisory Board and its committees

The deliberations of the Supervisory Board in 2024 primarily related to the following topics, each of which was addressed at several Supervisory Board meetings:
Firstly, Bayer’s economic position and strategic alignment, and the adoption of the new Dynamic Shared Ownership (DSO) operating model. And secondly, the principal litigations, which primarily involve glyphosate and PCBs. This matter was extensively addressed by the full Supervisory Board and the Audit Committee, as well as by the Legal Risk Committee, which was formed in 2024. Alongside the company’s defense strategy for the litigations, another aspect considered in great depth was how Bayer could effectively contain the litigations. The Chairman of the Supervisory Board and the Chairman of the Board of Management (CEO) as well as other members of the Board of Management also extensively discussed these aspects outside of the meetings of the Supervisory Board and the respective committees.

At its individual meetings, the Supervisory Board mainly focused on the following topics and passed the following written resolutions:

1. At an extraordinary meeting held in February, the Supervisory Board closely examined the company’s business performance. During this meeting, the Supervisory Board approved the Board of Management’s proposal to amend the dividend policy in view of the company’s economic situation, and endorsed the dividend proposal for the 2024 Annual Stockholders’ Meeting. The amended dividend policy involves the company paying out only the legally required minimum, where applicable, for fiscal years 2023 through 2025. The dividend proposal for the Annual Stockholders’ Meeting entailed the company paying out €0.11 per share, the legally required minimum.

2. At another meeting in February, the Supervisory Board discussed the Annual Report for 2023, the Compensation Report, and the Notice of the Annual Stockholders' Meeting 2024. It also looked at Bayer's image among key stakeholders and the status of the preparations for Capital Markets Day. At this meeting, the Supervisory Board received the regular risk report and discussed matters relating to Board of Management compensation, focusing particularly on target attainment and short-term variable compensation for 2023 and the targets for 2024. During this meeting, the Supervisory Board also extended Rodrigo Santos' Board of Management appointment and service contract until December 31, 2028. In addition, the Supervisory Board approved the mutually agreed early departure of Heiko Schipper from the Board of Management with effect from April 30, 2024, and appointed Julio Triana to the Board of Management with effect from April 1, 2024.

3. At its ordinary meeting ahead of the Annual Stockholders' Meeting in April, the Supervisory Board discussed the company's business performance to date. The Supervisory Board also addressed the principal litigations and potential options to contain them, and held committee elections in view of the pending changes to the composition of the Supervisory Board.

4. At a meeting in June, the Supervisory Board reorganized its committees and amended its Rules of Procedure accordingly. For example, it transferred the tasks of the Innovation Committee back directly to the full Supervisory Board, and dissolved the Innovation Committee. As the matters previously overseen by the Innovation Committee are relevant for all Supervisory Board members, the related issues that directly impact Bayer are now addressed at meetings of the full Supervisory Board, while the other topics are covered outside of the formal meetings during one or more of the four training workshops held each year. The Supervisory Board also established a Legal Risk Committee to focus primarily on the major US litigations. The Supervisory Board elected the American attorney Lori Schechter as Chairwoman of the committee. As the former Chief Legal Officer and General Counsel of a stock-market-listed US healthcare company, she has significant experience in dealing with complex legal issues. During the meeting, the Supervisory Board also addressed matters relating to Board of Management compensation, and approved the issuance of a bond.

5. In September, Supervisory Board meetings and information events were held in New York on three successive days. At these meetings, the Supervisory Board extensively discussed the company's financial progress, including the headway made in adopting the new DSO operating model in the three divisions and the enabling functions. The Supervisory Board also received input from specialist departments within Bayer and external legal advisors on managing the principal litigations and on the individual sub-projects focused on containing the major US litigations. In addition, the Supervisory Board was able to gain insight into the use of artificial intelligence at Bayer, while also discussing its potential for driving innovation and enhancing productivity. It also received an update on the ESG targets and Bayer's activities in this area. Finally, the Supervisory Board extended Wolfgang Nickl's Board of Management appointment and service contract until May 31, 2026, and approved the acquisition of own shares for the purpose of implementing employee stock programs.

   Outside of these meetings, the Supervisory Board visited the New York facilities of BlueRock Therapeutics, a cell therapy company that is part of the Bayer Group, as well as the US headquarters of the Pharmaceuticals and Consumer Health divisions, which are located in New Jersey. During these visits, it met with local employees and leaders to discuss examples of how the newly introduced DSO operating model was being successfully put into practice. In addition, the Supervisory Board received a report on the status of the pharmaceutical pipeline and was also once again able to meet with leaders and employees based at the New Jersey sites while participating in the visit program.

6. At its meeting in December, the Supervisory Board discussed the preliminary target attainment status for the variable components of Board of Management compensation as well as a new framework for identifying and developing potential future candidates for Board of Management positions. It also looked at the business performance and the progress made in adopting the DSO operating model, as well as the preliminary operational planning for 2025. In addition, the Supervisory Board approved the scope of Bayer's external financing and consented to the renewal of a credit facility with a banking consortium. Furthermore, the Supervisory Board once again extensively addressed the US litigations and potential containment options, and received a report on this topic from the law firm Linklaters, which the Supervisory Board has commissioned to act as its independent legal counsel in this matter. The Supervisory Board also discussed the composition of the stockholder base and aspects related to stockholder communication in connection with the decline in Bayer's share price. Finally, the Supervisory Board resolved to issue the regular declaration of compliance with the German Corporate Governance Code.

7. By way of a written resolution initiated in December, the Supervisory Board approved the operational planning for 2025.

Committees of the Supervisory Board

Throughout 2024, the Supervisory Board had a Presidial Committee, an Audit Committee, a Human Resources and Compensation Committee, a Nomination Committee and an ESG Committee. The Innovation Committee in place at the beginning of the year was dissolved in June 2024. As the matters previously overseen by that committee are relevant for all Supervisory Board members, the related issues that directly impact Bayer are now addressed at meetings of the full Supervisory Board, while the other topics are covered during training workshops held outside of the formal meetings. The Supervisory Board also established a Legal Risk Committee in June 2024 to focus on major US litigations. The committee coordinates the respective activities in which the Supervisory Board exercises its rights and fulfills its duties with regard to legal risks.

The current membership of the committees is shown in the "D Further Information" section under "Governance Bodies."

The meetings and decisions of the committees, and especially the meetings of the Audit Committee, were prepared on the basis of reports and other information provided by the Board of Management. Reports on the committee meetings were presented at the meetings of the full Supervisory Board.

Presidial Committee: This committee comprises the Chairman and Vice Chairwoman of the Supervisory Board along with a further stockholder representative and a further employee representative. The Presidial Committee undertakes preparatory work for meetings of the full Supervisory Board. At the same time, the Presidial Committee also serves as the mediation committee pursuant to the German Codetermination Act (MitbestG). In this capacity, it submits proposals to the Supervisory Board on the appointment of members of the Board of Management if the necessary two-thirds majority is not achieved in the first vote at a full Supervisory Board meeting. In addition, certain decision-making powers in connection with capital measures, including the power to amend the Articles of Incorporation accordingly, have been delegated to this committee. The Supervisory Board can also delegate certain responsibilities to the Presidial Committee on a case-by-case basis.

The Presidial Committee convened three times in 2024. At a meeting in February, the Presidial Committee considered the conclusions drawn from the results of the efficiency review conducted with external support, and developed recommendations on steps the Supervisory Board could take in response. At a meeting in September, the Presidial Committee conducted preparations for the Supervisory Board's strategy meeting and took a more detailed look at some of the issues to be covered at that meeting. The Presidial Committee also discussed possible compensation adjustments in view of the resolution on the Supervisory Board compensation system to be voted on at the 2025 Annual Stockholders' Meeting. At its December meeting, the Presidial Committee again carried out preparatory work for the Supervisory Board meeting in December. In addition, it again discussed possible adjustments to Supervisory Board compensation. However, it ultimately decided to not recommend any changes to the full Supervisory Board, and to instead propose keeping the existing system, which had generally proven to be effective, in place for the time being.

Audit Committee: The Audit Committee comprises four stockholder representatives and four employee representatives. The Chairman of this committee, Horst Baier, satisfies the statutory requirements concerning expertise in the field of accounting, and Supervisory Board Chairman Prof. Dr. Norbert Winkeljohann, who is also a member of this committee, satisfies the requirements concerning expertise in the field of auditing. Other members of the committee also have expertise in these areas. The Audit Committee meets regularly five times a year.

Its tasks include, in particular, examining the financial reporting and monitoring the financial reporting process, the effectiveness and appropriateness of the internal control system and the risk management system, the effectiveness of the internal audit system, the compliance system and the audit of the financial statements. It also addresses relevant topics in the tax, finance and treasury areas. The Audit Committee prepares the resolutions of the Supervisory Board concerning the financial statements and Management Report of Bayer AG, the proposal for the use of the distributable profit, the Consolidated Financial Statements and the Management Report of the Bayer Group (including the mandatory CSR reporting). Further tasks include holding discussions with the Board of Management on the half-year financial reports and any quarterly reports or quarterly statements to be issued prior to their publication. The committee prepares the auditor selection process and submits a reasoned proposal to the Supervisory Board regarding the appointment of the auditor. It also prepares the agreements with the auditor (dealing in particular with the awarding of the audit contract, the determination of the main areas of focus for the audit and the audit fee agreement) and takes appropriate measures to determine and monitor the auditor's independence. The Audit Committee regularly assesses the quality of the audit and resolves on the approval of any other contracts awarded to the auditor, paying special attention to any potential implications for the auditor's independence. The Audit Committee also discusses the assessment of the audit risk, the audit strategy and audit planning, and the audit results with the auditor. Furthermore, the Chairman of the Audit Committee regularly discusses the progress of the audit with the auditor and reports on this topic to the committee.

In addition, the Audit Committee monitors the internal process for assessing whether transactions with related parties are executed in the ordinary course of business and on market terms. It resolves on behalf of the Supervisory Board on the approval of related-party transactions pursuant to Sections 111a to 111c and Section 107 of the Stock Corporation Act (AktG) where such transactions require Supervisory Board approval and the Supervisory Board has not entrusted the approval decision to any other committee.

The Chairman of the Board of Management (CEO) and the Chief Financial Officer regularly attended the meetings of the Audit Committee. Representatives of the auditor were also present at all the meetings and reported in detail on the audit work and the audit reviews of the half-year report and quarterly statements. Every meeting includes a part where the committee meets alone with the auditor, i.e. without the Board of Management present.

The Audit Committee discussed developments in the area of corporate compliance, where necessary, and the latest reports from Internal Audit at each of its meetings.

The individual Audit Committee meetings also mainly focused on the following topics:

1. At the February meeting, the Audit Committee discussed the financial statements of Bayer AG and the Consolidated Financial Statements of the Bayer Group. It also carefully considered the risk report, which covers the risk early warning system and other aspects, and the report on the internal control system (ICS). In addition, the Audit Committee dealt with the yearly compliance report and the developments in compliance and legal cases. Other matters addressed included the yearly report by Internal Audit, a report on the procedure for recording related-party transactions, as well as the independence of the auditor and the preparation of the proposal for the election of the auditor by the Annual Stockholders' Meeting.

2. The May meeting focused on the quarterly statement for the first quarter. The Audit Committee also dealt with the quality of the audit of the financial statements and the main areas of focus for the audit of the annual financial statements.

3. At its August meeting, the Audit Committee mainly focused on the half-year financial report. The committee also discussed the effectiveness and further development of the risk management system and the internal control system for financial reporting.

4. At its November meeting, the Audit Committee extensively discussed the quarterly statement for the third quarter. Other topics included the provisional audit planning of Internal Audit, as well as the audit budget of the auditor for 2025. Lastly, the Audit Committee looked at the status of the CSRD reporting and the upcoming selection of a new auditor in view of the mandatory auditor rotation.

5. At its December meeting, the Audit Committee examined the status of the strategic business plan for 2025, the yearly reports of the Treasury and Taxes function, aspects related to ESG reporting, and the audit planning by Internal Audit. Other topics of discussion included the Audit Committee's annual planning for 2025, as well as data and cyber security.

Human Resources and Compensation Committee: The Human Resources and Compensation Committee has six members, with parity of representation between stockholders and employees. It prepares the personnel decisions of the full Supervisory Board, which resolves on appointments or dismissals of members of the Board of Management, and monitors the development of Board of Management compensation on an ongoing basis. The committee resolves on behalf of the Supervisory Board on the service contracts of the members of the Board of Management. However, it is the task of the full Supervisory Board to resolve on the total compensation of the individual members of the Board of Management, the respective compensation components and the compensation system, as well as to regularly review the compensation system on the basis of recommendations submitted by the Human Resources and Compensation Committee. The Human Resources and Compensation Committee also discusses the long-term succession planning for the Board of Management.

The Chairman of the Board of Management (CEO) regularly attended the meetings of the Human Resources and Compensation Committee where the matters discussed did not relate to him personally.

The Human Resources and Compensation Committee convened for five meetings. The meetings focused on the mutually agreed early departure of Heiko Schipper from the Board of Management and the appointment of Julio Triana as his successor, as well as the extension of Rodrigo Santos and Wolfgang Nickl's appointments to the Board of Management. Other topics included the new Board of Management compensation system, which was approved by the 2024 Annual Stockholders' Meeting, as well as a framework for identifying and developing future candidates for Board of Management positions, and a report on HR-related topics in connection with the implementation of DSO. Finally, the committee prepared the Supervisory Board resolutions on the performance evaluations for fiscal year 2023, the targets for fiscal year 2024 and a review of base compensation for Board of Management members.

Nomination Committee: This committee carries out preparatory work when an election of stockholder representatives to the Supervisory Board is to be held. It suggests suitable candidates for the Supervisory Board to propose to the Annual Stockholders' Meeting for election. The committee comprises the Chairman of the Supervisory Board, who serves as its Chairman, and three further stockholder representatives.

The Nomination Committee convened three times in 2024. At two meetings in February, it conducted preparations for the Supervisory Board elections to be held at the 2024 Annual Stockholders' Meeting. A total of five candidates needed to be proposed for election or reelection since the Supervisory Board appointments of four members were due to end and a fifth member had stepped down. The Nomination Committee recommended to the full Supervisory Board that the reelection of Horst Baier and Ertharin Cousin and the election of Lori Schechter, Nancy Simonian and Jeffrey Ubben be proposed to the Annual Stockholders' Meeting. At a meeting in November, the committee resolved to recommend to the full Supervisory Board that Alberto Weisser be proposed for reelection at the 2025 Annual Stockholders' Meeting, and discussed potential candidates for future Supervisory Board elections.

Innovation Committee: The Innovation Committee was dissolved in June 2024 and was primarily concerned with the innovation strategy and innovation management, the strategy for the protection of intellectual property, and major research and development programs at Bayer. Within its area of responsibility, the committee advised and oversaw management and prepared any Supervisory Board decisions to be made. The committee comprised the Chairman of the Supervisory Board and seven other

members of the Supervisory Board, with parity of representation between stockholders and employees. The meetings of the Innovation Committee were regularly attended by the Chairman of the Board of Management (CEO), as well as by other members of the Board of Management depending on the topics for discussion.

The Innovation Committee convened once in 2024 prior to its dissolution, with this meeting taking place in February. At this meeting, it received and discussed a report on the 2024 J.P. Morgan Healthcare Conference.

ESG Committee: The ESG Committee consists of the Chairman of the Supervisory Board and seven other members, with parity of representation between stockholders and employees. It deals with sustainable corporate governance and the company's business activities in the areas of environmental protection, social issues and corporate governance (ESG). This mainly pertains to the way sustainability is incorporated into the business strategy; the establishment of sustainability targets; nonmandatory ESG reporting and the auditing thereof, if applicable; opportunities and risks; and organizational structures and processes in ESG areas, provided the Audit Committee is not already responsible for these matters. Within its area of responsibility, the committee advises and oversees management and prepares any Supervisory Board decisions to be made.

The ESG Committee convened twice in 2024.

1. At its February meeting, the committee discussed Bayer's sustainability performance in 2023, the Sustainability Report, the ESG ratings, the ESG targets for the variable compensation of the Board of Management, and the ESG mission and visions of the three divisions. The meeting also focused on human rights, and particularly on the application of the German law on corporate due diligence to avoid human rights violations in the supply chain (LkSG).

2. At its August meeting, the committee discussed a mid-year status update on ESG target attainment and the work of Bayer's Sustainability Council. Other topics of discussion included the consultation draft of a climate transition plan, the results of the materiality assessment for CSRD reporting, the role of Crop Science technologies in the development of regenerative agriculture systems, a complaint pertaining to the LkSG, and geopolitical developments.

Legal Risk Committee: The Legal Risk Committee established in June 2024 consists of the Chairman of the Supervisory Board and seven other members, with parity of representation between stockholders and employees. The chairperson of the committee is elected by the Supervisory Board. The committee coordinates the respective activities in which the Supervisory Board exercises its rights and fulfills its duties with regard to all processes in the company and the Group relating to ongoing or pending regulatory and legal proceedings in all branches of the court system in Germany and around the world that are of substantial importance for the company and/or the Group (hereinafter referred to as "legal risks"), as well as measures to resolve, avert or contain these legal risks. The Supervisory Board can delegate further duties to the committee, including exercising the Supervisory Board's participation rights with regard to the aforementioned tasks in individual cases or for certain groups of cases. The Chairman of the Board of Management (CEO) and the Chief Financial Officer regularly attend the committee meetings.

The committee convened three times in 2024, with the meetings taking place in August, October and December. At each of these meetings, the committee dealt with the status of the US litigations involving glyphosate and PCBs, as well as with containment strategies. Some of the meetings were also attended by external legal advisors to the company and by representatives of the law firm Linklaters, which the Supervisory Board has commissioned to act as its independent legal counsel in this matter. All members of the Supervisory Board and Board of Management were invited to attend the December meeting, and, barring a few exceptions, all of them did.

The Supervisory Board conducted training workshops on developments in the pharmaceutical pipeline in September and on plant genetics in November.

Corporate governance

The Supervisory Board considered the principles of corporate governance at Bayer. In particular, at its December meeting, it dealt with the declaration of compliance with the German Corporate Governance Code. In June, the Supervisory Board revised the Rules of Procedure to reflect changes to the committees. During Supervisory Board meetings, the Chairman of the Supervisory Board also summarized the dialogue he had engaged in with investors during investor discussions in January, February and April, as well as during a number of individual conversations. The topics included Board of Management compensation, the composition of the Supervisory Board and other governance-related matters.

Disclosure of meeting participation on an individual basis

The members' attendance rate in the meetings of the full Supervisory Board and the committees was just under 97%.

The Supervisory Board and its committees conduct some of their meetings in person, while the others are held virtually as video conference calls in order to facilitate modern, more sustainable meeting formats. Individual participants were sometimes allowed to attend in-person meetings virtually. None of the meetings took place as a telephone conference call. Of the seven meetings held by the Supervisory Board, four were conducted in person and the others were held virtually. Of the 22 committee meetings in total, eight were held in person and the others were conducted virtually.

The participation of the individual Supervisory Board members in the meetings of the Supervisory Board and its committees is disclosed below. As the table shows, no Supervisory Board member attended less than 75% of the meetings of the Supervisory Board and the committees on which they served.

Part 1

	Supervisory Board (7, of which 4 held in person)		**Audit Committee** (5, of which 2 held in person)		**Human Resources and Compensation Committee** (5, of which 3 held in person)		**Innovation Committee** (1, of which 1 held in person)	
Number of meetings/participation rate (%)	Number	%	Number	%	Number	%	Number	%
Prof. Dr. Norbert Winkeljohann Chairman	7/7	100%	5/5	100%	5/5	100%	1/1	100%
Heike Hausfeld Vice Chairwoman	7/7	100%	5/5	100%	5/5	100%	1/1	100%
Dr. Paul Achleitner	7/7	100%						
Dr. Simone Bagel-Trah (until April 2024)	3/3	100%			1/2	50%		
Horst Baier	7/7	100%	5/5	100%	5/5	100%		
Dr. Norbert W. Bischofberger (until April 2024)	3/3	100%					1/1	100%
André van Broich	7/7	100%			5/5	100%	1/1	100%
Ertharin Cousin	7/7	100%					1/1	100%
Yasmin Fahimi	7/7	100%						
Dr. Barbara Gansewendt	7/7	100%	5/5	100%				
Colleen A. Goggins	6/7	86%						
Francesco Grioli	6/7	86%						
Frank Löllgen	7/7	100%	3/5	60%			0/1	0%
Marianne Maehl (from Sept. 2024)	3/3	100%						
Kimberly Mathisen	7/7	100%						
Andrea Sacher	7/7	100%			5/5	100%	1/1	100%
Claudia Schade	7/7	100%						
Lori Schechter (from May 2024)	4/4	100%	3/3	100%				
Dr. Nancy Simonian (from May 2024)	4/4	100%			2/2	100%		
Jeffrey Ubben (from May 2024)	4/4	100%	3/3	100%				
Heinz Georg Webers (until Aug. 2024)	4/4	100%						
Alberto Weisser	6/7	86%	1/2	50%				
Michael Westmeier	7/7	100%	3/3	100%				
Prof. Dr. Otmar D. Wiestler (until April 2024)	3/3	100%					1/1	100%

Part 2

Number of meetings/participation rate (%)	ESG Committee (2, of which 1 held in person)		Nomination Committee (3, of which 0 held in person)		Legal Risk Committee (3, of which 1 held in person)		Presidial Committee (3, of which 0 held in person)	
	Number	%	Number	%	Number	%	Number	%
Prof. Dr. Norbert Winkeljohann Chairman	2/2	100%	3/3	100%	3/3	100%	3/3	100%
Heike Hausfeld Vice Chairwoman	2/2	100%			3/3	100%	3/3	100%
Dr. Paul Achleitner	1/1	100%			3/3	100%	3/3	100%
Dr. Simone Bagel-Trah (until April 2024)			2/2	100%				
Horst Baier								
Dr. Norbert W. Bischofberger (until April 2024)								
André van Broich	2/2	100%			3/3	100%		
Ertharin Cousin	2/2	100%						
Yasmin Fahimi	1/2	50%						
Dr. Barbara Gansewendt							2/2	100%
Colleen A. Goggins	2/2	100%	3/3	100%				
Francesco Grioli							3/3	100%
Frank Löllgen					3/3	100%		
Marianne Maehl (from Sept. 2024)								
Kimberly Mathisen			1/1	100%				
Andrea Sacher					3/3	100%		
Claudia Schade								
Lori Schechter (from May 2024)					3/3	100%		
Dr. Nancy Simonian (from May 2024)								
Jeffrey Ubben (from May 2024)					3/3	100%		
Heinz Georg Webers (until Aug. 2024)	2/2	100%						
Alberto Weisser			3/3	100%			2/2	100%
Michael Westmeier								
Prof. Dr. Otmar D. Wiestler (until April 2024)								

Financial statements and audits

The financial statements of Bayer AG were prepared according to the requirements of the German Commercial Code (HGB) and Stock Corporation Act (AktG). The Consolidated Financial Statements of the Bayer Group were prepared according to the International Financial Reporting Standards (IFRS) as endorsed by the European Union. The applicable further requirements of Section 315a of the German Commercial Code (HGB) were also taken into account. The Combined Management Report was prepared according to the German Commercial Code (HGB).

The auditor, Deloitte GmbH Wirtschaftsprüfungsgesellschaft, Munich, has audited the financial statements of Bayer AG, the Consolidated Financial Statements of the Bayer Group and the Combined Management Report. The auditor responsible for the audit was Silvia Geberth. The conduct of the audit is explained in the auditor's reports. The auditor finds that Bayer has complied, as appropriate, with the German Commercial Code (HGB), the German Stock Corporation Act (AktG) and/or the International Financial Reporting Standards endorsed by the European Union, and issues an unqualified opinion on the financial statements of Bayer AG, the Consolidated Financial Statements of the Bayer Group and the Combined Management Report. The financial statements of Bayer AG, the Consolidated Financial Statements of the Bayer Group, the Combined Management Report and the audit reports were submitted to all members of the Supervisory Board. They were discussed in detail by the Audit Committee and at a meeting of the full Supervisory Board. The auditor submitted a report on both occasions and was present during the discussions.

We examined the financial statements of Bayer AG, the proposal by the Board of Management for the use of the distributable profit, the Consolidated Financial Statements of the Bayer Group and the Combined Management Report. While examining the Combined Management Report, we also examined in particular the combined nonfinancial statement, which is based on the framework of the European Sustainability Reporting Standards (ESRS) for the first time and was subjected to a limited assurance review by the external auditor. We have no objections, and thus we concur with the result of the audit.

We have approved the financial statements of Bayer AG and the Consolidated Financial Statements of the Bayer Group prepared by the Board of Management. The financial statements of Bayer AG are thus confirmed. We are in agreement with the Combined Management Report and, in particular, with the assessment of the future development of the enterprise. We also concur with the dividend policy and the decisions concerning earnings retention by the company. We assent to the proposal by the Board of Management for the use of the distributable profit, which provides for payment of a dividend of €0.11 per share and the allocation of the remaining amount to other retained earnings.

The Supervisory Board would like to thank the Board of Management and all employees for their dedication and hard work in 2024.

Leverkusen, February 27, 2025

For the Supervisory Board

Prof. Dr. Norbert Winkeljohann
Chairman

Investor Information

Bayer stocks see below-par performance

Bayer stocks experienced a downward trajectory in 2024, falling further as the year went on. In addition to ongoing uncertainty surrounding the litigations, Bayer shares came under pressure towards the end of the year due to a deterioration in the company's short- and medium-term financial prospects. The challenging agricultural market environment and unfavorable exchange rate developments continued to weigh on the company. Bayer stocks closed the year at €19.31 per share, down by a significant 42.3% against year-end 2023. By contrast, the German stock index (DAX 40) and the EURO STOXX 50 were up 18.8% and 11.0%, respectively, over the same period. Bayer AG's market capitalization fell by €14 billion to €19 billion.

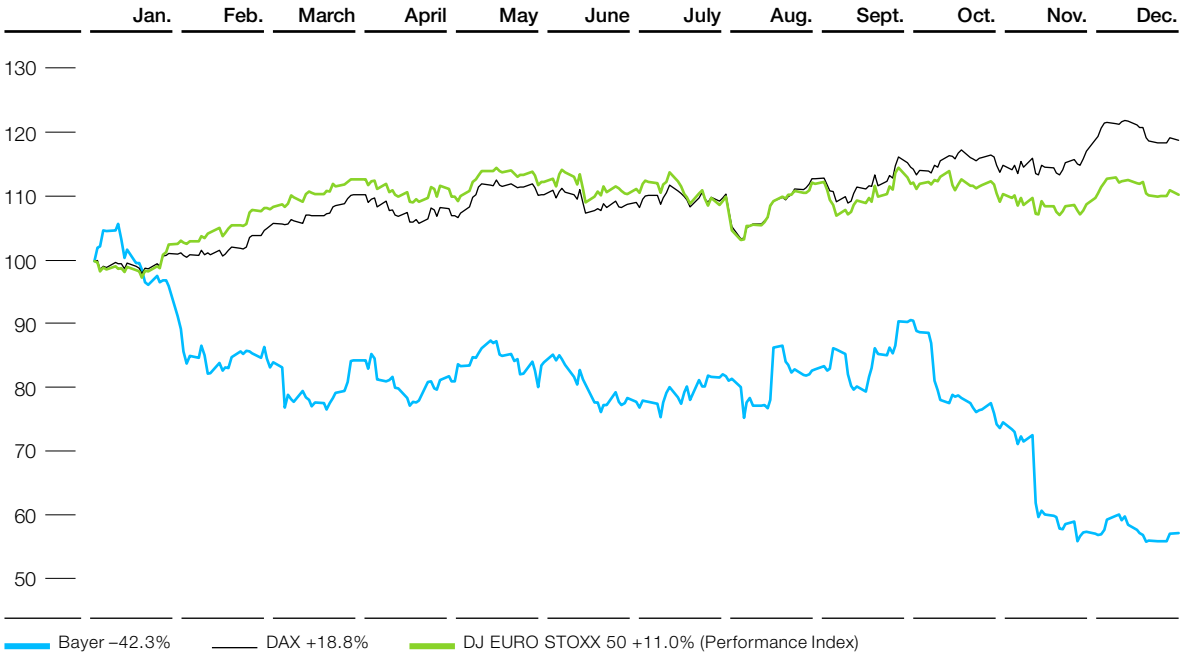
At our Capital Markets Day in March 2024, our CEO Bill Anderson outlined plans to address the current challenges by focusing on a number of strategic priorities over the coming years. These include driving profitable growth and innovation, dismantling bureaucracy with the aid of Dynamic Shared Ownership, resolving the litigations, and deleveraging. In adopting this approach, we aim to improve our performance and regain flexibility in the medium term. In 2024, we were already able to make some initial headway in delivering on these priorities. We will continue to work on these areas with great focus as we look to make further major strides in the future.

Sell-side analysts accounted for the lower short-term financial expectations in their models and adjusted their share price targets accordingly. The average target price was €27.70 (as of the end of December 2024), compared to €48.95 a year earlier. Of the 21 analyst recommendations at the end of the year, three were positive, 18 were neutral and none were negative.

1

Performance of Bayer Stock in 2024

Indexed; 100 = Xetra closing price on December 31, 2023



2

Bayer Stock Data

		2023	2024
Earnings per share from continuing and discontinued operations	€	(2.99)	(2.38)
Core earnings per share from continuing operations[1]	€	6.39	5.05
Free cash flow per share	€	1.33	3.16
Equity per share	€	33.67	32.84
Dividend per share	€	0.11	0.11
Year-end price[2]	€	33.63	19.31
High for the year[2]	€	62.49	35.60
Low for the year[2]	€	30.56	18.87
Total dividend payment	€ million	108	108
Number of shares entitled to the dividend (Dec. 31)	Shares (million)	982.42	982.42
Market capitalization (Dec. 31)	€ billion	33.0	19.0
Average daily share turnover on German stock exchanges	Shares (million)	3.0	4.3
Price/EPS[2]		(11.2)	(8.1)
Price/core EPS[2]		5.3	3.8
Price/free cash flow[2]		25.3	6.1
Dividend yield[2]	%	0.3	0.6

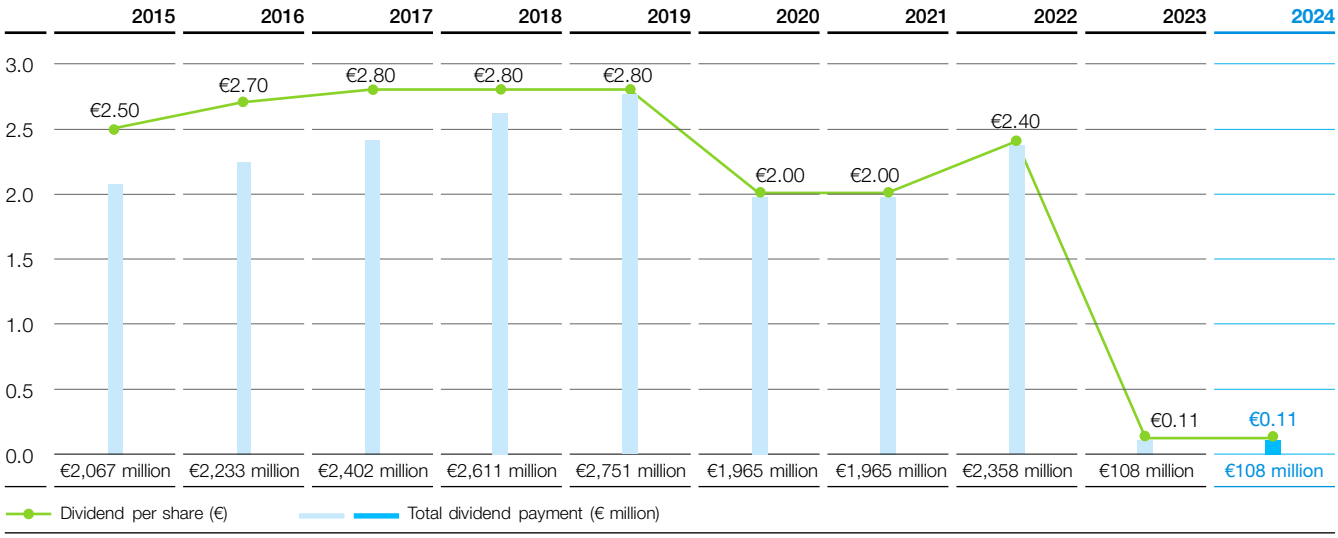
[1] For details on the calculation of core earnings per share, see Combined Management Report, A 2.3.
[2] XETRA closing prices (source: Bloomberg)

Dividend to match prior-year level as announced

We amended our dividend policy in 2024 and announced that we would be paying out the legally required minimum for three years. The Board of Management and the Supervisory Board will therefore propose to the Annual Stockholders' Meeting that an unchanged dividend of €0.11 per share be paid out for 2024. The proposed dividend will help the company reduce debt and, in turn, interest expense. The dividend corresponds to 2.2% of 2024 core EPS (2023: 1.7%). Based on the Bayer share price at the end of 2024, the dividend yield is 0.6% (2023: 0.3%).

3

Dividends Per Share and Total Dividend Payments



Bayer stock included in important indices

Bayer stock is listed on the DAX and numerous other key European indices, including the EURO STOXX 50, the FTSE Euro 100 and the S&P Europe 350. At the end of the year, Bayer was ranked 21st in the DAX 40 according to market capitalization. Bayer stock is also included in the sustainability indices FTSE4Good, MSCI ACWI Climate Action Index and MSCI ACWI Low Carbon Leaders Index.

International ownership structure

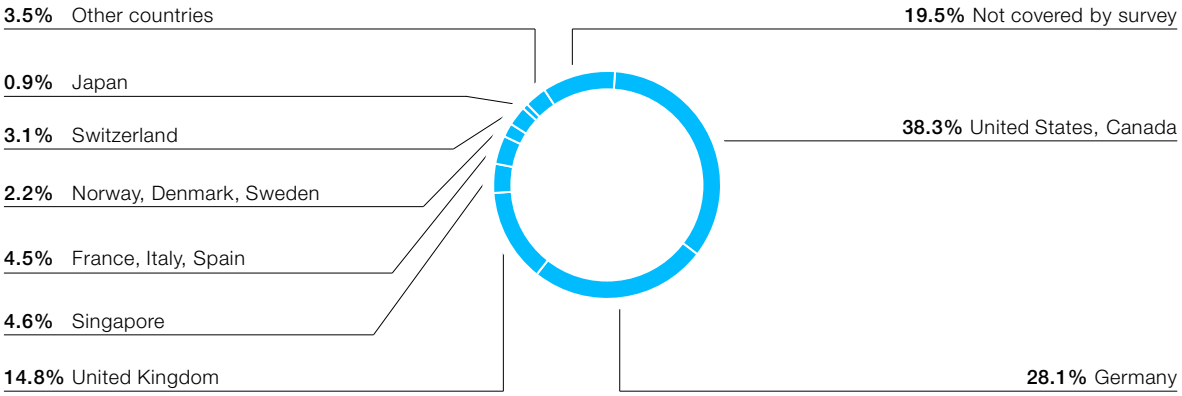
Our company's global footprint is also reflected in our international ownership structure. The biggest share of our capital stock, at 38.3%, is held by investors in North America. This represents an increase of 4.1 percentage points compared with the previous year. German-based stockholders remain a key group of investors, holding 28.1% of Bayer stock, while shareholders in the United Kingdom account for 14.8%. Irrespective of geographical distribution, some 19% of our shares are held by private stockholders.

According to our share register, we had approximately 616,000 stockholders at the end of 2024.

Bayer has a 100% free float as defined by Deutsche Börse, the operator of the Frankfurt Stock Exchange.

4

Shareholder Composition – Regional Allocation



Source: CMi2i

Maintaining strong investor relations

After our Capital Markets Day in March 2024, the focus of our investor relations work centered around providing ongoing updates on the progress being made on our strategic priorities and the business performance of the three divisions.

Bayer management and the Investor Relations team maintained their close dialogue with analysts and investors in 2024. In addition to taking part in a host of investor conferences and roadshows, Investor Relations also participated in more than 600 engagements in 2024, both in person and in virtual settings.

After the positive experiences of recent years, we held our Annual Stockholders' Meeting in a virtual format once again in 2024. As in 2023, stockholders were effectively afforded the same rights as at an in-person Annual Stockholders' Meeting. This included the ability to engage in direct dialogue with management during the Annual Stockholders' Meeting through video communication and the right to submit motions and election proposals as well as to make statements and ask questions.

Due to the positive experiences, we intend to deploy this format again in 2025 and hold a virtual Annual Stockholders' Meeting. Stockholders will have the same rights as they had at the 2024 event.

Sustainability: close dialogue with investors and ESG rating agencies

Last year, we maintained close dialogue with investors about the various aspects of sustainability at Bayer. These conversations continued to focus on climate protection, biodiversity, access to medicine and the environmental impact of our products.

At a webinar held in June 2024, we provided information on the latest developments related to our sustainability strategy. In addition to the updates from the divisions, the discussions mainly centered around the recently published climate plan, in which we describe our transition towards a sustainable, climate-neutral economy. Alongside bilateral investor discussions, we also engaged in targeted dialogue with individual investor groups in the context of collaborative engagements focusing on specific sustainability topics (such as Nature Action 100, UNPRI Spring, ShareAction).

With respect to our ESG ratings, we registered an improvement with Sustainalytics and maintained our score with MSCI and EcoVadis.

Bayer takes advantage of favorable market environment for bonds

Central banks initially maintained their restrictive monetary policy in 2024. However, both the European Central Bank (ECB) and the US Federal Reserve (Fed) made several interest rate cuts over the course of the year in response to inflation rates stabilizing.

Between June and December, the ECB lowered the deposit facility rate from 4.00% to 3.00% in several steps. The Fed pursued a similar policy, lowering the US federal funds rate by 50 base points in September 2024 before undertaking two additional reductions of 25 base points each in November and December. At year-end, the US federal funds rate was in the 4.25% to 4.50% range. These rate cuts helped relieve the pressure on interest rates, reduce the risk of a recession and thus strengthen market participants' confidence.

Uncertainty among market participants declined considerably compared with previous years. The geopolitical tensions stemming especially from the conflicts in Ukraine and the Middle East had less impact on the economic climate than originally feared. In Europe and especially the United States, the economic data remained robust and unemployment also held steady at a very low level, thus contributing to a positive mood in the markets. These factors led to a further narrowing of credit spreads on the bond markets.

Bayer took advantage of this positive market environment and placed its first-ever bond on the Chinese capital market in June 2024. Known as a Panda bond, the issuance had a volume of CNY 2 billion, a maturity of two years and a coupon of 2.2%. By entering into additional markets alongside Europe and the United States, Bayer aims to diversify its investor base while at the same time capitalizing on the attractive financing conditions available.

In September 2024, Bayer also placed a hybrid bond with a volume of €750 million, a noncall period of 5.25 years and a coupon of 5.5%. The purpose of this issuance was to refinance a hybrid bond called in July 2024 and a hybrid bond with an optional call date in 2025. At the same time as the new issue, existing investors were offered the option of early repayment of the bond with the optional call date in 2025. The new issue met with significant interest among investors, with the order book multiple times oversubscribed.

Bayer also refinanced its revolving credit facility in December 2024. The new credit facility has a volume of €5 billion and replaces a €4.5 billion credit facility that was originally available until December 2025. The new facility has a tenor of five years with two one-year extension options. It attracted a large amount of interest among banks, with a total of 23 financial institutions committing to the facility in equal amounts.

About this Report

This Annual Report contains our financial reporting as well as the sustainability information required by commercial law. Our aim is to elucidate the interactions between financial, ecological and societal factors and underline their influence on our company's long-term success.

Legal principles and reporting standards

The consolidated financial statements of the Bayer Group as of December 31, 2024, comply with the International Financial Reporting Standards (IFRS), as adopted by the EU, valid at the closing date and with the provisions of the German Commercial Code (HGB) in conjunction with German financial reporting standards (DRS). With due regard to these provisions, the Combined Management Report provides an accurate overview of the financial position and results of operations of the Bayer Group. The Corporate Governance Report also conforms with the German Stock Corporation Act (AktG) and the recommendations of the German Corporate Governance Code.

The nonfinancial statement for the Bayer Group (Section 315b et seq. of the German Commercial Code, HGB) forms a separate part of the Combined Management Report. The framework applied pursuant to Section 289d of the German Commercial Code (HGB) is the European Sustainability Reporting Standards (ESRS). The legality, accuracy and expediency of the nonfinancial statement have been verified by the Supervisory Board.

The nonfinancial statement for Bayer AG as the parent company forms a separate part of the Management Report. The framework applied pursuant to Section 289d of the German Commercial Code (HGB) is the GRI Standards.

The Annual Report is available online as a PDF. Furthermore, contents subject to the statutory disclosure requirement are published in the Federal Gazette under consideration of the specifications of the European Single Electronic Format (ESEF) Regulation.

Data collection and reporting thresholds

In accordance with IFRS 5 (Non-current Assets Held for Sale and Discontinued Operations), financial indicators are given for continuing operations unless otherwise explicitly indicated. The sustainability data relating to the Bayer Group is presented in accordance with ESRS requirements.

External verification

The auditing company Deloitte GmbH Wirtschaftsprüfungsgesellschaft, Munich, Germany, has audited the consolidated financial statements of Bayer AG, Leverkusen, and the Combined Management Report for the fiscal year from January 1, 2024, to December 31, 2024, and has issued an unqualified opinion. The audit, which was conducted to obtain reasonable assurance, covers the general part of the Management Report, while the nonfinancial statement was subjected to a limited assurance review in 2024. In addition, our Opportunity and Risk Report contains certain disclosures concerning the description of the risk management system and the internal control system pursuant to Section 91, Paragraph 3 of the German Stock Corporation Act (AktG) that do not normally form part of the Management Report.

The Compensation Report was subject to a reasonable assurance review and is included in a separate chapter outside of the Management Report. The declaration of compliance with the German Corporate Governance Code has not been audited by the auditor.

Additional information

As the indicators in this report are stated in accordance with commercial rounding principles, totals and percentages may not always be exact.

A Combined Management Report

of the Bayer Group and Bayer AG as of December 31, 2024

1. Fundamental Information About the Group

1.1 Corporate Profile and Structure

1.1.1 Corporate Profile

We are a life science company and a global leader in health and nutrition. Our innovative products support efforts to overcome the major challenges presented by a growing and aging global population. Our work helps prevent, alleviate and treat diseases, empowers people to take better care of their own health needs, and also plays a part in ensuring that enough agricultural products are produced while respecting our planet's natural resources. Our activities are systematically guided by our mission: "Health for all, Hunger for none."

We aim to enhance our company's earning power and create value for patients, farmers, consumers, shareholders, employees and society. Innovation, growth and sustainability are integral parts of our strategy.

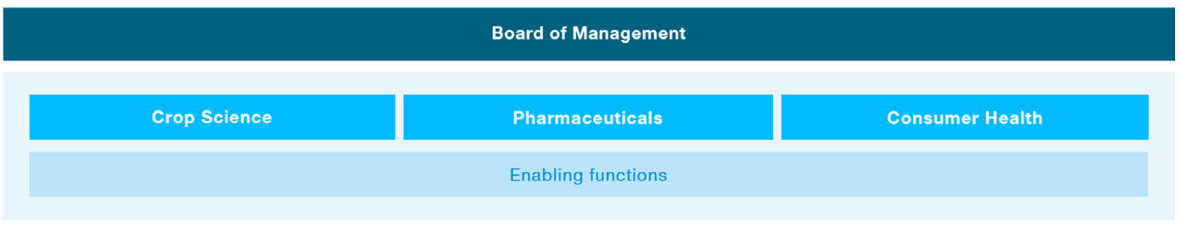
1.1.2 Corporate Structure

Corporate structure as of December 31, 2024

As the parent company of the Bayer Group, Bayer AG – represented by its Board of Management – performs the principal management functions for the entire enterprise. This mainly comprises the Group's strategic alignment, resource allocation and the management of financial affairs and managerial staff, along with the management of the Group-wide operational business of the Crop Science, Pharmaceuticals and Consumer Health divisions. The enabling functions support the operational business.

A 1.1.2/1

Bayer Group Structure in 2024



The following change has occurred within our organization:

The Supervisory Board of Bayer AG appointed Julio Triana to the Board of Management effective April 1, 2024. He became head of the Consumer Health Division effective May 1, 2024, and succeeded Heiko Schipper, who had asked the Supervisory Board to bring forward the end date of his contract. Schipper left the company effective April 30, 2024.

Our divisions are active in the following areas:

Crop Science is the world's leading agriculture enterprise by sales, with businesses in crop protection, seeds and traits. We offer a broad portfolio of high-value seeds, improved plant traits, innovative chemical and biological crop protection products, digital solutions and extensive customer service for sustainable agriculture. We market these products primarily via wholesalers and retailers or directly to farmers. Most of our crop protection products are manufactured at our own production sites. Numerous decentralized formulation and filling sites enable the division to respond quickly to the needs of local markets. The breeding, propagation, production and/or processing of seeds, including seed dressing, take place at locations close to our customers, either at our own facilities or under contract.

Pharmaceuticals concentrates on prescription products, especially for cardiology and women's healthcare, and on specialty therapeutics focused on the areas of oncology, hematology, ophthalmology and, in the medium term, cell and gene therapy. The division also comprises the radiology business, which markets diagnostic imaging equipment and digital solutions together with the necessary contrast agents. Our portfolio includes a range of key products that are among the world's leading pharmaceuticals for their indications by sales, for example in the areas of cardiology, women's healthcare, ophthalmology and radiology. The division's prescription products are primarily distributed through wholesalers, pharmacies and hospitals.

Consumer Health is a world-leading supplier of nonprescription (OTC = over-the-counter) medicines for self-medication and self-care in terms of sales. Our portfolio comprises the categories nutritional supplements, allergy, cough & cold, dermatology, pain and cardiovascular risk prevention, and digestive health. The products are generally sold by pharmacies and pharmacy chains, supermarkets, online retailers and other large and small retailers.

The **enabling functions**, such as Group Finance, Human Resources and Information Technology, serve as Group-wide competence centers and bundle business support processes and services for the divisions. Our Leaps by Bayer unit, which invests in disruptive innovations, also forms part of the enabling functions.

More information on the divisions' products and activities can be found in the table below:

A 1.1.2/2

Products and Activities of the Divisions

Indication/application/business	Core activities and markets	Main products and brands[1]
Crop Science		
Herbicides	Chemical crop protection products to control weeds	Adengo™, Alion™, Atlantis™, Conviso™, Harness™, Laudis™, Roundup™, Sakura™
Corn Seed & Traits	Seeds and traits for corn	Dekalb™, RIB Complete™, SmartStax™, Vitala™, VT Double™ PRO, VT Triple™ PRO, VTPRO4™
Soybean Seed & Traits	Seeds and traits for soybeans	Asgrow™, Intacta RR2PRO™, Intacta 2 Xtend™, Monsoy™, XtendFlex™
Fungicides	Biological and chemical products to protect crop plants against fungal diseases	Ambition™, Antracol™, Delaro Complete™, Fox™, Iblon™, Infinito™, Luna™, Nativo™, Prosaro™, Serenade™, Xivana™, Xpro™
Insecticides	Biological and chemical products to protect crop plants from harmful insects and their larvae	Confidor™, Curbix™, Flipper™, Movento™, Sivanto™, Vayego™, Velum/Verango™, Vynyty Citrus™
Cotton	Seeds and traits for cotton	Bollgard™ 3 XtendFlex™, Deltapine™, Thryvon™
Vegetable Seeds	Vegetable seeds	DeRuiter™, Seminis™
Digital Agriculture	Digital applications for agriculture	Climate FieldView™, ForGround™
Other	Seeds and traits for oilseed rape/canola, rice, wheat and other crops. Products for consumer lawn and garden use and forestry, golf courses, railway tracks and landscape applications. Biological and chemical seed treatment products to protect against fungal diseases and pests	Arize™, Dekalb™, Gaucho™, Roundup™, TruFlex™
Pharmaceuticals		
Cardiology	Hypertension, pulmonary hypertension, heart attack and stroke, thrombosis, coronary artery disease (CAD), peripheral artery disease (PAD), symptomatic chronic heart failure, chronic kidney disease and type 2 diabetes	Xarelto™, Adalat™, Aspirin™ Cardio, Adempas™, Verquvo™, Kerendia™
Oncology	Liver cancer, renal cell carcinoma, thyroid carcinoma, prostate cancer, colorectal cancer, gastrointestinal stromal tumors (GIST), solid tumors with NTRK gene fusions	Nexavar™, Nubeqa™, Xofigo™, Stivarga™, Vitrakvi™
Ophthalmology	Visual impairment due to age-related macular degeneration (AMD), diabetic macular edema (DME) or retinal vein occlusion (RVO)	Eylea™
Hematology	Hemophilia A	Kogenate™/Kovaltry™/Jivi™
Women's health	Contraception, gynecological therapy	Mirena™ product family, YAZ™ product family, Visanne™, Qlaira™
Infectious diseases	Bacterial infections	Avalox™/Avelox™, Cipro™, Ciprobay™
Radiology	Contrast agents; diagnostic imaging equipment for use with contrast agents	Gadovist™, Ultravist™, Medrad MRXperion™, Medrad Stellant™, Primovist™
Neurology	Multiple sclerosis	Betaferon™/Betaseron™
Consumer Health		
Dermatology	Wound care, skin care, skin and intimate health	Bepanthen™, Canesten™
Nutritionals	Multivitamin products, dietary supplements	One A Day™, Elevit™, Berocca™, Supradyn™, Redoxon™
Pain and Cardio	General pain relief and cardiovascular risk prevention	Aspirin™, Aleve™
Digestive Health	Digestive health complaints	Alka-Seltzer™, MiraLAX™, Rennie™, Iberogast™, Talcid™
Allergy, Cough & Cold	Allergies, cough and cold	Claritin™, Aspirin™, Alka-Seltzer™, Afrin™

[1] The order of the products listed is no indication of their importance.

Our company has a global footprint. As of December 31, 2024, the Bayer Group comprised 291 consolidated companies in approximately 80 countries.

A 1.1.2/3

Selected Bayer Sites in 2024

Administrative sites

Basel, Switzerland
Berlin, Germany
Leverkusen, Germany (headquarters)
Monheim am Rhein, Germany
St. Louis, United States

Research and development sites

Crop Science
Chesterfield, United States
Lyon, France
Monheim am Rhein, Germany

Pharmaceuticals
Berlin, Germany
Whippany, United States
Wuppertal, Germany

Consumer Health
Basel, Switzerland
Gaillard, France
Whippany, United States

Production sites

Crop Science
Dormagen, Germany
Luling, United States
Vapi, India

Pharmaceuticals
Bergkamen, Germany
Berlin, Germany
Leverkusen, Germany

Consumer Health
Grenzach, Germany
Lerma, Mexico
Myerstown, United States

Selected sites based on number of employees (FTEs)

1.1.3 Intangible Resources

Starting this year, we now report on our key intangible resources. We have identified the following intangible resources upon which our business model fundamentally depends. These resources constitute a source of value creation for our company but are not fully reflected in the statement of financial position.

Employees

The long-term economic success of our company is largely based on the expertise and commitment of our employees, which we foster through attractive employment conditions and a diverse range of training and development opportunities. Particularly in the area of research and development (R&D), our highly qualified scientists help to overcome global challenges in healthcare and agriculture, in keeping with our mission: "Health for all, Hunger for none."

Innovations

As a life science company, innovations are the foundation upon which we create value and are aligned with the innovation strategies of our divisions. At **Crop Science**, we are driving forward the development of innovative products and services, and increasingly offering our customers comprehensive and novel systems solutions to strengthen long-term growth. Our **Pharmaceuticals** Division focuses on four core areas – Oncology, Cardiovascular, Neurology & Rare Diseases, and Immunology – to translate higher innovation quality and productivity into long-term growth. At **Consumer Health**, we focus on developing new, personalized products across our range of everyday health categories.

Brand

For the third year in a row, Brand Finance has calculated the financial value of our brand at US$5.5 billion. In the Global 500 Most Valuable and Strongest Brands 2024 ranking, our brand was ranked as the seventh most valuable worldwide in pharmaceuticals, while we defended our number one spot as the world's most valuable brand in agriculture. Brand Finance uses the Royalty Relief approach to compile its ranking. This involves valuing corporate brands based on the hypothetical cash flows that are saved because the respective business owns the brand and therefore does not need to license it.

1.1.4 Structure of the Management Report

To enhance clarity, we have altered the structure of our report by placing the sustainability information after the Report on Economic Position and the Report on Future Perspectives and on Opportunities and Risks. This is aimed at improving readability, since the individual chapters follow on from one another thematically.

1.2 Strategy and Management

1.2.1 Strategy and Targets

Group strategy

A growing and aging world population and the increasing strain on nature's ecosystems are among the major challenges facing humanity. As a global leader in health and nutrition, we are able to play a key role in delivering solutions to tackle these challenges, guided by our mission, "Health for all, Hunger for none." This mission also drives our motivation to make a lasting contribution to improving people's lives through our products and services. We are committed to improving access to nutrition and healthcare while also reducing the ecological footprint of our organization and of farming as a whole.

We rely on innovations not only to develop new products and solutions but also to drive the digitalization of our business processes. Our company is active in regulated and highly profitable businesses that are driven by innovation, and our objective is to grow ahead of the competition. At the same time, we are also optimizing our resource allocation and cost structure. As part of these efforts, we endeavor to ensure that growth, profitability and sustainability go hand in hand. Through our business activities, we can make a contribution to achieving the United Nations' Sustainable Development Goals (SDGs). We also pursue resolute, science-based climate action along our entire value chain.

In 2023, we began taking steps to align our company even more closely with our mission, “Health for all, Hunger for none.” As a central element of our strategy, we are introducing Dynamic Shared Ownership. This new operating model sees employees working in self-managed teams, empowering them to leverage their creativity and expertise to the full. Our objective is to accelerate innovation and provide even better support to farmers, patients and consumers.

Our strategy is subject to continuous review, giving us the agility we need to respond to changes arising across the economic and political landscape. We are currently in the process of rolling out the new operating model across the entire company. By implementing these changes, we aim to enhance employee productivity and satisfaction, accelerate the launch of leading innovations around the globe, and consistently boost our financial performance. Activities are prioritized based on their contribution to the mission, with progress measured in short, 90-day cycles. We aim to gain greater agility as a result, while also reducing coordination work and removing management layers.

Strategies of the divisions

Crop Science

The landscape is changing in agriculture: Increased pressures due to climate change combined with a growing population have created a pivotal moment in how our customers provide food, fuel and textile fibers for a world that needs to find ways to manage its limited resources responsibly. These challenges have spurred rapid, disruptive changes in the industry, changing competition across the value chain, creating new players and opening up new adjacent market opportunities.

In this dynamic environment, the speed and scale of innovation and a focus on sustainable results for our customers are crucial factors for success. We aim to launch 10 blockbuster products (each >€500 million in sales) in the next 10 years to support farmers worldwide with new technologies. With our innovation pipeline across Seeds & Traits, Crop Protection and Digital Farming, a deep digital ecosystem, a leading global footprint and a multitude of partnerships, we are in close proximity to our customers and very well positioned moving forward, with a clear focus on new, resilient business models. We develop innovative system solutions for our customers, such as our Preceon™ Smart Corn System, our next-generation herbicide-tolerant soybean varieties and the first new post-emergent broadacre herbicide mode of action in 30 years, as well as novel system solutions such as wheat hybrids, direct-seeded rice (DSR), biotechnology traits for corn in Africa and Asia, biological crop protection products, and carbon farming. Our majority holding in CoverCress Inc., the producer of the eponymous cash crop which is used to produce biofuels, offers us additional market opportunities. Planted as a cash crop, this oilseed can help reduce erosion, improve soil health, reduce water and nutrient loss and boost carbon sequestration in soil. We are also active in the field of artificial intelligence (AI). We plan to use our innovative CropKey approach to crop protection chemistry, which we consider to be a leader in crop protection innovation, to achieve unprecedented levels of precision, safety and sustainability when it comes to the design of new crop protection products.

Combining our portfolio with digital insights increases the benefits for farmers, as is the case with our Climate FieldView™ digital software platform, for example. In addition, we generate value in the business-to-business area through a variety of digital platforms (e.g., through AgPowered Services, our partnership with Microsoft). Our digital developments accelerate innovation, drive process automation and increase R&D pipeline productivity.

Our vision is to transform the agricultural sector at scale by enabling the adoption of regenerative farming systems to create a more prosperous and resilient food production system. We base this vision on the three pillars “Produce 50% More. Restore Nature. Scale Regenerative Agriculture.” The first pillar aligns with the projection by the Food and Agriculture Organization (FAO) of the United Nations that food production needs to increase significantly to meet the needs of a growing population, to which we aim to contribute with our portfolio. The second pillar links to our ambitious downstream sustainability targets, while the focus of the last pillar is on the introduction of systems and solutions that are intended to contribute to delivering regenerative agriculture outcomes.

We promote a concept of regenerative agriculture that is defined as an outcome-based production model based on two key building blocks: productivity, which focuses on helping farmers maintain or increase yield with fewer inputs for improved social and economic wellbeing outcomes; and regeneration, which prioritizes a positive impact on nature, with efforts such as striving to improve soil health, reducing field-level greenhouse gas emissions and increasing carbon sequestration to mitigate climate change, preserving and restoring on-farm biodiversity, enhancing plant genetic diversity, and conserving water resources.

As part of our commitment to sustainable agriculture, we are aiming to achieve ambitious sustainability targets through 2030. One of these targets is to support a total of 100 million smallholder farmers in medium- and low-income countries by improving their access to agricultural products, services and partnerships.

Pharmaceuticals

Driven by an aging population, the incidence of chronic diseases is on the rise, and an increasing number of patients are suffering from multiple conditions affecting their quality of life. Scientific breakthroughs in fields such as cell and gene therapy and precision medicine have the potential to cure patients with the highest unmet needs or even prevent diseases in the first place. In this regard, the pharmaceuticals market offers significant opportunities. At the same time, we also see risks related to the rising costs faced by healthcare systems around the world, which is putting added pressure on prices and the way the cost-benefit profiles of new drugs are evaluated. We have therefore defined clear strategic priorities: maximizing the operational performance of our marketed products and bolstering our topline with successful launches and advances in our late-stage research and development pipeline.

Besides focusing on leveraging our current portfolio to its fullest potential, we are also working on additional growth drivers, including four new medicines with significant sales potential. Two of them – Nubeqa™ and Kerendia™ – are already on the market. The other two – elinzanetant and acoramidis, a substance which we inlicensed in 2024 – are on the verge of market launch. We are continuing to investigate the active ingredient asundexian in a study and evaluating a therapeutic indication in secondary stroke prevention. We are focusing our marketing and R&D resources on driving the success of these strategic products, for all of which we own the full global marketing rights (with the exception of acoramidis, where we hold the European marketing rights). In addition, we are investing to further grow and build our US business in view of the country's high market potential.

To safeguard long-term growth, we are continuing to invest in R&D as part of our focused strategy to deliver an innovative, differentiated and sustainable pipeline. We are concentrating on Oncology, Cardiovascular (including cardiovascular precision medicine, nephrology and acute care), Neurology & Rare Diseases and Immunology as therapeutic areas with high potential in terms of impact and value. We continuously strive to improve our R&D productivity. Our key measures are centered around R&D excellence, an organizational set-up focused on our development products, dynamic resource allocation, data science and artificial intelligence (AI).

In addition to strengthening our internal R&D capabilities, we are continuing to invest in our platform companies. BlueRock Therapeutics LP, United States, and Asklepios BioPharmaceutical, Inc. (AskBio), United States, are working steadily on developing breakthrough cell and gene therapies, while Vividion Therapeutics, Inc., United States, is strengthening our discovery capabilities, especially in Oncology and Immunology. Moreover, we are stepping up our efforts to access external innovation through research collaborations and in-licensing, capturing continued growth opportunities in biologics and novel technologies.

Making medicines accessible is key to our sustainability agenda. Another focus is on improving women's health and strengthening their role in society by helping to promote gender equality and women's economic participation. As part of this endeavor, we are leveraging our leading position in women's healthcare (by sales) to provide 100 million women per year in low- and middle-income countries with access to modern contraception by 2030. Our partnerships with organizations such as UNFPA, USAID, the Bill & Melinda Gates Foundation, and the Red Cross, as well as digital partnerships with Your Life, Life Yangu, UNFPA India and Zuri Health support this goal. In addition, we are committed to combating neglected tropical diseases and noncommunicable diseases.

Consumer Health

Increasing health awareness among consumers, changing demographics and rising healthcare costs continue to fuel the attractive long-term development of the consumer healthcare market. A more prominent consumer focus on self-care, prevention and well-being is expected to continue to drive growth across all core Consumer Health categories. We also anticipate continued channel shifts towards e-commerce.

We provide consumers with products, services and information that empower them to improve their everyday health. As part of these endeavors, we also aim to expand our reach to more and more people around the world. Our strategy focuses on growing our brands in core Consumer Health categories, as well as transitioning prescription medicines to nonprescription status. Our profitable growth is driven by strong, science-based and trusted brands as well as the launch of innovative new products.

In steering our business, we employ an agile resource allocation model that prioritizes future-oriented growth opportunities in which we aim to gain consumers' trust with our brands. Creating value for our retail partners and advancing engagement with healthcare professionals are also important factors in this respect. In addition, we are focused on driving productivity, flexibility and resilience across the entire value chain as we look to augment our cost and cash productivity. We are also working to reduce our impact on the environment. Together, these aspects are expected to help safeguard our prospects for the future.

We leverage an agile innovation model and collaborate with external partners to further develop our existing brands and deliver innovations. Through acquisitions and partnerships, we have also gained access to new business models and capabilities to provide personalized diagnostics and treatment solutions.

Furthermore, we are pursuing ambitious sustainability targets. By 2030, we aim to expand access to self-care for 100 million people in economically or medically underserved communities per year. We are executing this ambition by fully embedding sustainability across our operations to offer solutions that best serve consumers, in particular those for whom self-care is the primary form of care.

Climate action and decarbonization

As part of the Bayer Climate Program, we take active steps to address the challenges arising from climate change. We pursue an approach that is based on transition and transformation. The transition part centers around reducing our own emissions in line with the Paris climate goals. By 2050, we aim to achieve net-zero greenhouse gas emissions. The transformation part involves adapting our product portfolio and developing new business models in order to proactively mitigate the impacts of climate change. To support these endeavors, our Crop Science Division focuses on leveraging innovation in areas such as biotechnology and digital farming to build agricultural resilience while also boosting food security. In addition, our Pharmaceuticals and Consumer Health divisions are working on solutions to address health-related challenges linked to climate change.

1.2.2 Management Systems

Planning and steering

Economic planning and steering are conducted in line with the strategic business plan formulated by the Board of Management, which contains the strategic frameworks for the Group and the divisions and how they translate into specific targets. The planning and steering process is complemented by the continuous monitoring of business developments, with key financial and nonfinancial management and performance indicators being updated regularly.

The following financial and nonfinancial indicators were employed to plan, steer and monitor the development of our business:

Operational management indicators

The main parameters in performance management at the operational level are sales growth, earnings and cash flow data, which also form the basis of short-term variable compensation (STI). Sales growth is measured in terms of the change in sales after adjusting for currency and portfolio effects (Fx & portfolio adj.) in order to reflect the operational business development of the Group and the divisions. A key measure of profitability is the EBITDA margin before special items, which is the ratio of EBITDA before special items to sales. Another important profitability indicator for the Bayer Group is core earnings per share, which is the core net income divided by the weighted average number of shares. Free cash flow – an absolute indicator – shows the generation of freely available financial resources and also reflects the company's financial strength and earning power.

Strategic value management indicator: ROCE

Return on capital employed (ROCE) is used as a strategic metric to measure the company's operating profit after taxes in relation to the average capital employed. Comparing ROCE against the weighted average cost of capital (WACC) on an annual basis illustrates the level of value creation. It is also one of the parameters used for calculating the ongoing tranches of our long-term stock-based cash compensation (LTI) program that commenced in or before 2023.

Total shareholder return

We aim to create shareholder value and thus deliver attractive returns for our stockholders. Total shareholder return (TSR) is determined based on the change in the share price over the measurement period plus any dividends paid in the interim. It is also one of the parameters used for calculating the LTI for the Board of Management. For eligible employees, TSR is taken into account for ongoing LTI tranches that commenced in or before 2023.

Sustainability

We aim to improve people's lives through our products. At the same time, we also endeavor to reduce our ecological footprint. We steer and measure the attainment of our sustainability targets with the aid of nonfinancial key performance indicators (KPIs). We take into account the number of people reached in the "100 million" divisional targets and our greenhouse gas emissions as indicators for tracking the sustainable steering of our business and the reduction of our ecological footprint. Our sustainability KPIs are also reflected in the LTI program.

Management system

All management systems in place at Bayer sit within a framework that is based on the respective international management system standards and practices, ensuring compliance with the law and with external and internal requirements while also facilitating efficient ways of working. This is achieved through internal regulations and applicable processes involving clear roles and responsibilities. The management systems in place at Bayer therefore play a key role in safeguarding our company's license to operate.

1.3 Focus on Innovation

We create value for customers and society by offering new solutions. Our activities focus on innovative products based on our research and development (R&D) competencies, supplemented by new approaches in our process, service and business models. We are also committed to social innovation to improve living conditions for people in developing countries and disadvantaged individuals in our society.

The results of our research and development help us contribute to solving global challenges in medical care and agriculture. In addition to the strong innovative capabilities of our employees throughout the company, our efforts are driven by a broad open innovation network and the use of new, groundbreaking technologies with a particular focus on data science insights.

Partnerships are integral to our innovation strategy, ensuring access to complementary technologies and expertise. We enter into strategic alliances with various partners such as universities, governmental agencies, start-ups, suppliers and other industrial companies.

We maintain a global network of R&D locations where around 15,900 Bayer employees work. In 2024, our research and development spend before special items amounted to €5,860 million (2023: €5,835 million).

Excellence in research and development

The activities we pursue are aligned with the innovation strategies of our divisions, and are aimed at improving human and plant health and sustainably safeguarding stable harvests in agriculture in line with our mission, “Health for all, Hunger for none.” The focus at Crop Science lies on the development of cutting-edge technologies and innovation in the areas of crop protection, seeds and traits so that we can offer our customers tailored products and services. Our Pharmaceuticals Division focuses on the research and development of prescription medicines in four core areas: Oncology, Cardiovascular, Neurology & Rare Diseases, and Immunology. At Consumer Health, we concentrate on developing new nonprescription products and solutions that improve consumer health and well-being. Further information on the R&D activities of the divisions is presented in the division-specific sections below.

We are increasingly employing data science methods in the R&D projects of our three divisions. In addition, our “Life Science Collaboration” program provides a platform that enables our employees to actively promote disruptive innovations on a cross-divisional basis.

The Bayer Bioethics Council, an external advisory body, convened once in 2024 and discussed the use of artificial intelligence in customer interactions, cell-based models and other matters. In addition, meetings on specific topics were held with individual members of the Bioethics Council. The Bayer Science Collaboration Explorer transparency initiative was expanded in 2024 and published information on contract-based collaborations between Bayer’s business units in Germany, the United States, Switzerland and Brazil and global partners.

Leaps by Bayer

Through our venture capital arm Leaps by Bayer, we invest in disruptive innovations in the areas of health and agriculture. The investment activities of Leaps by Bayer are focused on applying and further developing new technologies with the potential to solve some of humankind’s most pressing problems and thus also make an important contribution to the Sustainable Development Goals of the United Nations. The framework established for the adoption of new activities is defined by the 10 “leaps”:

// Cure genetic diseases
// Provide sustainable organ and tissue replacement
// Reduce environmental impact of agriculture
// Prevent and cure cancer
// Protect brain and mind
// Reverse autoimmune diseases and chronic inflammation
// Provide next-generation healthy crops
// Develop sustainable protein supply
// Prevent crop and food loss
// Transform health with data

The Leaps by Bayer portfolio comprised more than 50 active investments in biotech and tech start-ups at the end of 2024.

At the beginning of the year, Leaps by Bayer participated in a financing round for Sudo Biosciences, Inc., United States, a biotech company that is working on the development of novel therapies for inflammatory and neurodegenerative diseases such as multiple sclerosis. Furthermore, two of the companies in the Leaps portfolio launched IPOs in 2024: Metagenomi Inc., United States, which conducts research in the field of cell and gene therapy, and Boundless Bio, Inc., United States, which develops innovative therapies for patients with intractable cancers. In addition, the Leaps portfolio company eGenesis, Inc., United States, made medical history by successfully performing the first-ever intracorporeal transplantation of a porcine kidney into a living human patient. It also announced the successful completion of an extracorporeal perfusion of a brain-dead research donor using a genetically engineered porcine liver.

Further notable developments included the announcements of positive results from a clinical Phase I trial in the treatment of Parkinson's disease conducted by BlueRock Therapeutics LP, United States, after 18 and 24 months. BlueRock was co-founded by Leaps by Bayer in 2016, and our venture capital arm was one of its first investors. Bayer AG then acquired the biotech firm in 2019, and BlueRock is now a wholly owned, independently operated subsidiary. The announcement of the collaboration between the Leaps portfolio company Dewpoint Therapeutics, Inc., United States, and Bayer likewise represented a milestone in the research and development of cardiovascular and renal diseases. The agreement between the two parties gives Bayer the global license to develop and commercialize a disease-modifying treatment for dilated cardiomyopathy (DCM) patients carrying specific mutations. The collaboration also gives Bayer access to Dewpoint's proprietary platform for biomolecular condensates to develop new treatment methods for cardiovascular and renal diseases.

In agriculture, our Crop Science Division and the Leaps portfolio company Grão Direto LLC, United States, announced the commercialization of a new digital offering called Barter View in Brazil. Barter View enables farmers in rural regions to use their mobile phones to manage their trading operations while simultaneously allowing real-time retrieval of information and up-to-date prices. As explained in further detail in the Crop Science section of this chapter, Bayer also acquired a license from the Leaps portfolio company Pairwise Plants LLC, United States, a food and agricultural technology start-up company that develops new genomic technologies for the development of innovative products.

In 2024, Leaps by Bayer participated in more than 15 follow-up investment rounds and helped numerous portfolio companies achieve initial clinical milestones such as Phase I study registration.

Patents protect Bayer's intellectual property

Reliable global protection of intellectual property rights is particularly important for an innovation company like Bayer. In most cases, it would be impossible to cover the high costs and risks incurred in the research and development of innovative products without this protection. We are therefore committed to protecting both the international patent system and our own intellectual property worldwide. Depending on the legal framework, we endeavor to obtain patent protection for our products and technologies in major markets. When we successfully market patent-protected products, we are able to invest the profits sustainably in research and development.

The term of a patent is normally 20 years from the date the application is filed. Since it takes an average of 11 to 13 years to develop a new medicine or crop protection active ingredient, only seven to nine years of patent protection remain following the product's approval. The same applies to the development of new transgenic traits. To nevertheless provide an adequate incentive to make the necessary major investments in research and development, the European Union member states, the United States, Japan and some other countries extend patent terms or issue supplementary protection certificates to compensate for the shortening of the effective protection period for pharmaceutical and crop protection patents, but not for transgenic traits.

Crop Science

Working with digital applications and teams of experts, we develop a broad spectrum of tailored solutions that enable farmers to achieve higher productivity in a sustainable manner. Our R&D organization comprises approximately 7,800 employees (2023: 8,300)[1] operating in more than 60 countries around the world. We also collaborate with many external partners under our Open Innovation model to strengthen our innovation power.

Research and development capacities

Our R&D is focused on developing solutions for farmers and customers across multiple indications. Using a targeted approach, we focus on bringing together our expertise across the following disciplines to deliver innovation faster.

Our **breeding** innovations are aimed at improving crop yields, boosting resilience against pests, disease and a changing climate, and improving quality. We combine genomic, phenotypic and environmental data with the use of advanced breeding methods and AI to develop novel seed products. Advances in controlled-environment greenhouses, automated and prescriptive seed packaging systems, and advanced field data collection systems enable us to accelerate the development and positioning of seed products for our largest markets. Through our advanced breeding program, we were able to deploy more than 490 new hybrid and varietal seed products in 2024, across corn, soybeans, cotton, oilseed rape/canola, rice, wheat and vegetables.

Biotechnology and **genome editing** tools allow us to develop traits in crops like corn, soybeans, cotton and canola that strengthen plants' resistance to insect pests, disease, weeds and other environmental stresses such as drought or high winds, protecting or enhancing yields. Biotechnology enables sustainable farming with reduced pesticide use and conservative tillage practices that are designed to preserve topsoil and decrease CO_2 emissions. We are the global leader in plant biotechnology and have 12 next-generation traits in development.

In our **small molecule chemistry** program, we design, develop and optimize new, safe and sustainable crop protection products with herbicidal, insecticidal and fungicidal activity. We are working on tailored solutions that will help farmers achieve better harvests by managing threats in a more targeted manner. With hundreds of new crop protection product registrations annually, our life-cycle management program allows us to extend the reach of our products into new crops and geographies. Discovering new modes of action (MoAs) is one of the priorities of our new CropKey approach, contributing to finding improved solutions for our customers' needs and achieving our sustainability targets, with a particular focus on reducing the environmental impact of crop protection.

Our **biologicals** unit encompasses a broad range of solutions with a focus on microbial organisms and materials derived from them as well as plant extracts. Biologicals have the potential to reduce the use of synthetic chemicals, decrease residue levels and support resistance management strategies. By introducing biological products into programs with traditional chemistry, we are building a more holistic application system. We are optimizing our activities in this field by partnering with innovation leaders and strengthening internal R&D activities around product development and support to product launch.

Through Climate FieldView™, our flagship digital farming platform, we have established strong customer value through seamless data collection from farm equipment, year-round insights that support agronomic decisions, and product performance transparency. Global adoption has grown to more than 300 million subscribed acres across 24 countries. As the platform has expanded, farmers have shared vast amounts of product performance data under real-world management practices with us, which we have combined with other datasets to build predictive models that increase the value of our seed and crop protection portfolio. Closing the customer experience loop, FieldView™ is then used as the platform to deliver custom product recommendations, tailored to farmers' individual fields.

[1] Including permanent and temporary employees

Research and development pipeline

Our product pipeline contains numerous new small molecule products, seed varieties, digital products and biologicals that promote sustainable agriculture and help improve farmer productivity. The following table shows new products in late development phases[2] that are scheduled to be launched by 2027.

A 1.3/1

Product Innovation Pipeline[1]

Crop/digital application	First launch	Product group	Indication	Product/trait/number of hybrids or varieties
Corn	Annual	Breeding/native trait	Crop efficiency	> 290 new corn seed hybrids in 2024
	2027	Biotechnology trait	Crop efficiency	Preceon™/short-stature corn
Soybeans	Annual	Breeding/native trait	Crop efficiency	~ 90 new soybean seed varieties in 2024
	2027	Biotechnology trait	Weed management	HT4
Cotton	Annual	Breeding/native trait	Crop efficiency	> 15 new cotton seed varieties in 2024
Crop Protection	Annual	Biological/small molecule LCM[2]	Crop efficiency, disease, pest and weed management	> 230 new crop protection registration approvals in 2024
	2025	Crop protection	Pest management	Plenexos™ (spidoxamat)
Vegetables	Annual	Breeding/native trait	Crop efficiency, disease management	> 90 new seed varieties in 2024
Digital applications	2025	Digital platforms	Platform	Microsoft partnership, providing B2B agricultural technology services
	2024	Value chain solutions	Carbon markets	Enable offset and inset approaches for carbon markets in North America, while advancing our pilot projects in other regions
	2024/2025	Tailored solutions	Crop efficiency	Corn seed hybrid selection and planting density recommendations for North America, Latin America and Europe Oilseed rape pest management in Europe/Middle East/Africa

As of December 2024
[1] Planned market launch of selected new products, subject to regulatory approval
[2] Life-cycle management

For 2025, we aim to launch confirmatory technical proof-of-concept field studies for three to four new small-molecule active ingredients and plant traits[3].

New products and registrations in 2024 (examples)

In January, we announced the launch of Varro™ FX herbicide for the Canadian market. Varro™ FX is a cross-spectrum herbicide which combines active ingredients with two different modes of action. It provides control of some of the toughest grass weeds such as wild oats, and broadleaf weed control boost for cleavers and kochia.

For spring and winter wheat in the United States, in January we also announced Vios™ FX, the first graminicide with its mode of action in an emulsifiable concentrate (EC) formulation for wheat. Vios™ FX herbicide provides cross-spectrum control of the toughest weeds – wild oats and kochia – by utilizing two complementary modes of action. Vios™ FX herbicide is easy to handle and mix, and provides customizable weed control through its tank mix flexibility.

[2] Products in late development phases have proven proof of concepts validated by field studies and are ready for hand-off to the regulatory team for regulatory approvals.
[3] A new plant trait is a specific characteristic that has not yet been available or offered at Bayer for the crop plant in question.

Our new broad-spectrum fungicide iblon™ launched commercially in the UK market in 2024. A new SDHI fungicide, iblon™ delivers unrivalled broad-spectrum control of *Septoria*, yellow rust and brown rust, and is proven to deliver yield benefits through extended crop greening. Thanks to the outstanding Leafshield formulation, iblon™ is also crop- and equipment-safe.

We continued the targeted commercial launch of conventionally bred short-stature corn in 2024 within our Ground Breakers program on approximately 35,000 acres with 390 farmers. The earlier targeted commercial launch of the conventional breeding short-stature corn approach has been paralleled with progress on the biotech version, which has now advanced to R&D Phase 4 and is expected to be available beginning in 2027.

In July, our new pre-emergence herbicide Huskie™ PRE received registration for use ahead of barley, triticale and wheat for the 2025 growing season. As Western Canada's first herbicide within its mode of action for pre-cereal crop application, it offers unmatched flexibility and powerful weed control when used with Roundup™.

FieldView™ Drive 2.0, unveiled in August, is a small plug-and-play device that farmers can use to connect, monitor and record activities across different farm equipment types and brands. An upgrade over the previous generation, FieldView™ Drive 2.0 provides more processing power, data storage and in-field connection stability to improve how farmers connect with digital solutions and gather data during planting, spraying and harvesting.

In September, we successfully launched VT4PRO™ Technology to provide US farmers with an additional option within our already-strong corn product portfolio to help control above- and below-ground pests. VT4PRO™ Technology marks the first product combining the power of the three modes of built-in action in Trecepta™ Technology, an elite above-ground pest package for corn that controls insects such as corn earworm and western bean cutworm, along with an RNAi-based mode of action, the latest defense to help manage corn rootworm.

In early 2024, we launched a pilot for an expert GenAI system designed to augment and upskill our frontline employees. The chat-based tool works similarly to off-the-shelf language models like ChatGPT, but was trained on agronomic data and real-world questions and specifically designed to help advisors respond more quickly and accurately to farmers' questions about agronomy and agricultural products. In November, we commercially launched a fine-tuned AI model in partnership with Microsoft. E.L.Y. Crop Protection is available in the Azure AI model catalog and is designed to enhance crop protection-related sustainable use, application, compliance and knowledge within the agriculture sector.

Patents

We routinely apply for patent protection for our innovations in both chemical crop protection and seed / biotechnology. The link between patents and products is relatively complex. Products often combine multiple technologies that are patented differently in different areas of the world, with patents often granted only late in the product life cycle.

Although the patents have already expired for some of our crop protection active ingredients, such as glyphosate, trifloxystrobin, prothioconazole, bixafen[4] or imidacloprid, we have a portfolio of patents on formulations, mixtures and / or manufacturing processes for these active ingredients. In addition, fluopyram is patent-protected until 2025 in the United States and Brazil and supplementary protection certificates had been granted in several European countries including Germany, France and the United Kingdom until 2024. The younger active ingredient tetraniliprole has patent protection until 2029 in Germany, France, the United Kingdom, Brazil, Canada and other countries, and in the United States its patent protection extends until 2030[5]. Isoflucypram is patent-protected in the United States until 2028 and in Brazil, Canada, Germany, France, the United Kingdom and other countries until 2030.[6]

[4] Bixafen benefits from supplementary protection certificates in some European countries including Germany, France and the United Kingdom until 2025 and in some CIS countries such as Belarus until 2025 and Russia until 2027.
[5] Patent protection does not take into account patent term extensions or supplementary protection certificates.
[6] Patent protection does not take into account patent term extensions or supplementary protection certificates.

While our patent coverage on the first-generation Roundup Ready™ trait for soybeans has expired, some varieties – for example in the United States – are still protected by variety patents. The patent coverage on our current generation of soybean traits (XtendFlex™ and Intacta 2 Xtend™) runs until at least the end of the decade.

In corn seed and traits, most farmers have already upgraded to next-generation branded corn traits. SmartStax™ and SmartStax™ PRO have patent coverage running until at least 2028. For cotton seed and traits, Bollgard™ 3 XtendFlex™ has patent coverage until at least the mid-2030s.

Partnerships and collaboration

We partner with innovators from across the world to bring the disruptive new technologies that farmers need to market more quickly and efficiently, in collaborations that allow us to leverage our specialized expertise and resources.

In March, we announced a partnership with UK-headquartered company Trinity Agtech Limited to drive regenerative agriculture, supported by Trinity Agtech's Sandy platform. This platform will be instrumental for Bayer's Carbon Initiative in the Europe/Middle East/Africa region for measuring and monitoring carbon at farm level.

Also in March, we announced the extension of joint validation trials of biofungicides with the Israeli company Lavie Bio Ltd., after successful first-year laboratory and greenhouse testing. Building on these positive outcomes, the companies are progressing to a second year of validation trials in field experiments.

Continuing our relationship with UK-based AlphaBio Control Limited, in April we announced the signing of an agreement to secure an exclusive license for a new biological insecticide. The new product will be the first available for arable crops, including oilseed rape and cereals, and targets a 2028 launch pending further development and registration.

As part of our strategic open innovation approach, we launched two initiatives in May to advance genome editing in vegetables. We entered into an agreement with the South Korean biotech company DBA G+FLAS Life Sciences to collaborate on developing genome-edited tomato varieties that are nutritionally enhanced with vitamin D3. Additionally, we have acquired a license from the start-up company Pairwise, United States, that grants us rights to commercialize Pairwise's genome-edited varieties and to use the underlying technologies to develop new varieties.

Also in May, we announced a licensing agreement with Pairwise Plants LLC to develop and sell CRISPR-edited leafy greens developed at scale. This followed an already established partnership with Pairwise, which focused on further innovations in short-stature corn. This program leverages Pairwise's Fulcrum™ platform and builds on the success of the two companies' initial five-year collaboration for corn, soy, wheat, cotton and canola.

In December, we signed a new exclusive distribution agreement with UK-based Ecospray Limited to market a biological liquid nematicide sourced from garlic. The product presents a biological alternative to traditional synthetic chemical nematicides in vegetable and potato crops, and will be marketed in the European Union under the new name Velsinum™.

We are part of a global network of partners from diverse segments of the agricultural industry and work together with numerous public-private bodies, NGOs, universities and other institutions.

The following table provides an overview of important collaborations that are currently ongoing.

A 1.3/2

Crop Science: Important Collaborations

Partner	Collaboration objective
AbacusBio Limited	Accelerate Bayer's Global Crop Breeding program by utilizing AbacusBio's expertise in trait prioritization and valuation to advance products that anticipate grower and market needs
AgPlenus Ltd.	The collaboration will tap into the potential of artificial intelligence (AI) to design and optimize crop protection chemistry, developing a novel sustainable mode of action (MoA) broad-spectrum herbicide for farmers
AgVend, Inc.	Provide digital enablement solutions to FieldView™ customers as their system of action, so they can increase their margins, reduce their cost of sale, and ultimately set a new standard for their customers at the farmgate
Andes Ag, Inc.	Andes' process integrates microbes that colonize a seed's root structure, starting biological nitrogen fixation and enabling the crop to draw down nitrogen from the air. This will contribute to the reduction of additional field inputs and ag-associated greenhouse gas production
Arvinas, Inc.	Oerth Bio LLC was co-founded with the biotechnology firm Arvinas to utilize Arvinas' targeted protein degradation technology PROTAC™ to develop innovative new agricultural products to improve crop yields
BASF SE	Co-funded collaboration agreement to develop transgenic products with increased yield stability in corn
Brazilian Agricultural Research Corporation – Embrapa	R&D cooperation to address specific agricultural challenges in Brazil, e.g., integrated weed management and soil carbon dynamics and measurement methods in tropical environments
2Blades Foundation	Collaboration research program to identify Asian soybean rust resistance genes in legumes and other engineered genes to control this important fungal disease in soybeans
Citrus Research Development Foundation, Inc.	Search for solutions to citrus greening disease, which currently threatens the global citrus production and juice industry
Elemental Enzymes Ag and Turf, LLC	Use of soil microbes to improve plant health and crop efficiency, thereby increasing crop productivity
Ginkgo Bioworks, Inc.	Multi-year strategic collaboration as the anchor partner of Ginkgo's expanded agricultural biologicals platform, focusing on nitrogen fixation, crop protection and carbon sequestration
G+FLAS Life Sciences	Research agreement to validate gene-edited tomato with therapeutic levels of vitamin D
Grains Research and Development Corporation (GRDC)	Partnership for the discovery and development of innovative weed management solutions (herbicides)
IKTOS	The use of artificial intelligence to design new sustainable crop protection solutions
Kimitec, Sociedad Limitada	Multi-year strategic collaboration to deliver botanical products for agriculture
KWS SAAT SE	Joint collaboration and commercial agreement for herbicide-tolerant sugar beet
Lavie Bio	Field evaluation of biofungicides against important diseases of fruits and vegetable crops
Microsoft Corp.	Strategic partnership developing a new cloud-based set of business-to-business tools and services for use in agriculture and adjacent industries
National Resources Institute Finland (Luke)	Computational tools integrating genetics and genomics evaluation to improve field crops
Pairwise Plants, LLC	Research alliance to develop genome editing tools and innovations in short-stature corn. License agreement to develop and sell Pairwise's CRISPR-edited leafy greens
Purdue University	Creation of the Coalition for Sustainable and Regenerative Agriculture, a public-private partnership designed to help improve the soil health of farmland while also increasing food production for a growing population. New consortium to focus on data-driven, holistic approach to create sustainable and resilient farming practices
RAGT SEMENCES S.A.S	Exclusive collaboration to develop state-of-the-art hybrid wheat varieties to meet the evolving needs of farmers in Europe
Rantizo, Inc.	Precision aerial pesticide applications via unmanned aerial vehicles (UAVs) while reducing soil compaction. Focusing the application of the right amount to the right plant allows an overall reduction in pesticide applications and of carbon emissions compared to traditional sprayers. Understanding technology capabilities and evaluating service quality
Semilla Nueva	Accelerate corn biofortification efforts for smallholder farmers
Sound Agriculture Co.	Sound's dual-technology platform uses biochemistry to tap into the natural capabilities of the plant and soil microbiome to increase the speed and efficiency of agriculture
UC Davis-Eduardo Blumwald	Identify pathways in cereal crops to enhance biological nitrogen fixation and reduce need for chemical fertilizers

Pharmaceuticals

Our research and development activities in the Pharmaceuticals Division are focused on indications with a high medical need. Our focus lies on four core areas: Oncology, Cardiovascular, Neurology & Rare Diseases, and Immunology. We are also continuing our existing projects in Ophthalmology and Women's Healthcare. In the context of our cell and gene therapy platform, we develop treatments for indications that are likewise associated with a high medical need and in which cell and gene therapies could offer promising treatment options, regardless of the specific therapeutic area. Examples of this include neurodegenerative disorders, muscular dystrophies, cardiovascular and metabolic diseases, and ophthalmological disorders. Our work in radiology focuses on the development of digital solutions, contrast agents and injection systems. Approximately 7,300 (2023: 7,800) employees work in our R&D departments at a number of locations around the world, mainly in Germany and the United States.

In our R&D activities, we combine profound knowledge about disease biology with numerous therapy forms and focus on the systematic implementation of digital technologies and the deployment of data sciences to increase the speed, reliability and effectiveness of our R&D processes. Our aim is to employ precision medicine to offer patients effective, individualized solutions that prevent, diagnose, treat or stop diseases.

With the acquisitions of the biotech firms BlueRock Therapeutics LP, United States, in 2019 and Asklepios Biopharmaceutical Inc. (AskBio), United States, in 2020, and the biopharmaceutical company Vividion Therapeutics, Inc., United States, in 2021, we have expanded our expertise in new modalities to include competencies in the areas of cell therapy (BlueRock) and gene therapy (AskBio) while also strengthening our existing knowledge in the field of precision small-molecule therapeutics (Vividion). As internal partners, these three companies operate largely autonomously but in close cooperation with our R&D experts in the Pharmaceuticals Division. They play a key role in sustainably expanding our research pipeline with novel development candidates. In 2024, the three companies further advanced their development portfolios and established additional expertise in specific areas. Further information can be found in the "Cell and gene therapy", "Chemoproteomics" and "External innovation" sections.

Promising new molecular entities (NMEs) from our early research pipeline are transferred to preclinical development. We define a new molecular entity as an active ingredient that is not yet approved for use in humans. In preclinical development, these substances are examined further in various models to determine their suitability for clinical trials and the associated first-in-human studies.

Clinical trials are an essential tool for determining the efficacy and safety of new drugs before they can be used to diagnose or treat diseases. The benefits and risks of new medicinal products must always be scientifically proven and well documented. All our clinical trials comply with strict international guidelines and quality standards, as well as the respective applicable national laws and standards.

Bayer also publishes information about clinical trials in line with the applicable national laws and according to the principles of the European (EFPIA) and US (PhRMA) pharmaceutical industry associations, these principles being defined in position papers.

Information about our own clinical trials can be found in the publicly accessible register www.ClinicalTrials.gov and our own Trial Finder database. Further information on our globally uniform standards, the monitoring of studies and the role of the ethics committees can be found on our website.

Cell and gene therapy

The addition of cell and gene therapies to our drug development portfolio has given us new, potentially transformative treatment approaches that could intervene in disease mechanisms and ultimately stop or reverse them at some point in the future.

Ensuring scientific breakthroughs in cell and gene therapy translate into available treatments on a global scale requires a strong commitment across the whole value chain. We therefore invest in know-how and infrastructure at every step of the process, from early research and development through to advanced production.

Our development portfolio comprises six projects in various stages of clinical development that cover several therapeutic areas with a high unmet medical need, with innovative programs in areas such as Parkinson's disease, rare diseases and congestive heart failure.

A 1.3/3

Cell and Gene Therapy Projects in Clinical Development

Project	Indication (modality, clinical phase)
AB-1005 (formerly AAV2_GDNF_PD)[1]	Parkinson's disease (gene therapy, Phase II)
ACTUS-101[2]	Pompe disease (gene therapy, Phase I/II)
AB-1002 (formerly NAN-101)[3]	Congestive heart failure (gene therapy, Phase II)
AB-1005 (formerly AAV2_GDNF_MSA)[4]	Multiple system atrophy (gene therapy, Phase I)
Bemdaneprocel (BRT-DA01)[5]	Parkinson's disease (cell therapy, Phase I)
LION-101[6]	Limb-girdle muscular dystrophy type 2I/R9 (gene therapy, Phase I/II)

As of February 3, 2025
[1] Registration number NCT06285643, enrollment started
[2] Registration number NCT03533673, enrollment concluded
[3] Registration number NCT05598333, enrollment started
[4] Registration number NCT04680065, enrollment started
[5] Registration number NCT04802733, enrollment concluded
[6] Registration number NCT05230459, enrollment started

The following material developments occurred in 2024 and early 2025:

// In February 2024, we announced that the first patient had been randomized in AskBio's GenePHIT Phase II gene therapy trial for congestive heart failure. GenePHIT is a clinical trial to evaluate the safety and efficacy of a single infusion of gene therapy candidate **AB-1002** for the treatment of adults with non-ischemic cardiomyopathy and New York Heart Association (NYHA) Class III heart failure symptoms. In April, we announced that the US Food and Drug Administration (FDA) had granted Fast Track Designation to AB-1002.
// In March 2024, together with our subsidiary BlueRock Therapeutics, we announced that the Phase I trial of **bemdaneprocel**, an investigational cell therapy candidate for the treatment of Parkinson's disease, continued to show positive results at 18 months. In May 2024, we announced that the US FDA had granted the Regenerative Medicine Advanced Therapy (RMAT) designation for bemdaneprocel. In September, BlueRock reported that bemdaneprocel had delivered positive data in Parkinson's patients after 24 months, and in January 2025, together with BlueRock, we announced that bemdaneprocel had advanced to registrational Phase III clinical testing.
// In April, together with our subsidiary AskBio, we announced that the Phase Ib trial of **AB-1005**, an investigational gene therapy candidate for the treatment of Parkinson's disease, continued to show positive results at 18 months. In July, we announced that the US FDA had granted AB-1005 Fast Track Designation, and the British Medicines and Healthcare products Regulatory Agency (MHRA) had awarded the MHRA Innovation Passport. In January 2025, we announced together with AskBio that the first participants had been enrolled to the Phase II gene therapy clinical trial.

// In September, BlueRock announced the approval of its Investigational New Drug (IND) application by the US FDA for **OpCT-001**, an induced pluripotent stem cell (iPSC)-derived cell therapy for the treatment of primary photoreceptor diseases that was in-licensed by BlueRock in January 2024.
// In November, AskBio announced that its gene therapy candidate **AB-1003** (also known as LION-101) for the treatment of limb-girdle muscular dystrophy type 2I/R9 had received rare pediatric disease designation and orphan-drug designation from the US FDA.
// Also in November, we announced that we would not further pursue development activities for the Phase I/II trial with **BV-101**, a gene therapy developed for the treatment of Huntington's disease, for scientific reasons.

Chemoproteomics

The chemoproteomics platform technology of our subsidiary Vividion enables us to unlock a large number of traditionally unaddressable oncological targets with the aid of precision cancer therapeutics. Paired with our Pharmaceuticals Division's expertise in the research and development of small-molecule active substances, we are developing novel active ingredients for the treatment of cancer indications with a high medical need. Our aim is to open up new therapeutic options for patients and further expand our oncology research pipeline. In July 2023, Vividion launched a Phase I trial with its KEAP1 activator for the treatment of advanced solid tumors. This was followed in January 2024 by the initiation of a Phase I clinical trial with its STAT3 inhibitor in advanced solid and hematologic tumors. In December 2024, Vividion acquired the US company Tavros Therapeutics, Inc. Tavros' proprietary methods for genomic screening can identify new target opportunities and support discovery and translational efforts towards known targets. Combining the Tavros platform with Vividion's chemoproteomics expertise and capabilities will greatly enhance Vividion's efforts to generate potential best- and first-in-class drug targets across oncology and immunology.

A 1.3/4

Chemoproteomics Projects in Clinical Development

Project	Indication (modality, clinical phase)
VVD KEAP1 act.[1]	Advanced solid tumors (small molecule, Phase I)
VVD STAT3 inh.[2]	Advanced solid and hematologic tumors (small molecule, Phase I)

As of February 3, 2025
[1] Registration number NCT05954312, enrollment started
[2] Registration number NCT06188208, enrollment started

Phase II and III clinical testing projects

The following table shows our most important drug candidates currently in Phase II of clinical testing:

A 1.3/5

Research and Development Projects (Phase II)

Project	Indication
Anti alpha2-antiplasmin	Thrombolysis
Nurandociguat (sGC activator)	Chronic kidney disease

As of February 3, 2025

The following table shows our most important drug candidates currently in Phase III of clinical testing:

A 1.3/6

Research and Development Projects (Phase III)

Project	Indication
Aflibercept 8 mg (VEGF inhibitor)[1]	Macular edema secondary to retinal vein occlusion
Asundexian (FXIa inhibitor)	Secondary prevention of ischemic stroke
Darolutamide (ODM-201, AR antagonist)/ADT without chemotherapy	Adjuvant treatment for localized prostate cancer with very high risk of recurrence
Darolutamide (ODM-201, AR antagonist)/ADT	Hormone-sensitive prostate cancer in patients with a high risk of biochemical recurrence (BCR)
Finerenone (MR antagonist)	Non-diabetic chronic kidney disease
Finerenone (MR antagonist)	Chronic kidney disease in type 1 diabetes
Gadoquatrane (MRI contrast agent)	Magnetic resonance imaging
HER2/mutEGFR inhibitor	First-line therapy for the treatment of advanced non-small-cell lung cancer with HER2-activating mutations
Vericiguat (sGC stimulator)[2]	Stable heart failure with reduced ejection fraction (HFrEF)

As of February 3, 2025

[1] In collaboration with Regeneron Pharmaceuticals, Inc., United States

[2] In collaboration with Merck & Co., Inc., United States

The nature of drug discovery and development is such that not all compounds can be expected to meet the predefined project goals. It is possible that any or all of the projects listed above may have to be discontinued due to scientific and/or commercial reasons and will not result in commercialized products. It is also possible that the requisite US Food and Drug Administration (FDA), European Medicines Agency (EMA) or other regulatory approvals will not be granted for these compounds. Moreover, we regularly review our research and development pipeline so that we can give priority to advancing the most promising pharmaceutical projects.

The following material developments occurred in 2024 and early 2025:

Aflibercept

// In May, we initiated the clinical Phase III PHOTONIC study investigating Eylea™ 8 mg in diabetic macular edema (DME) in China.

// In December, the Phase III QUASAR trial with aflibercept 8 mg met its primary endpoint. Patients with macular edema following retinal vein occlusion receiving aflibercept 8 mg every eight weeks (after initial monthly doses) achieved non-inferior visual acuity gains compared to those receiving the current standard therapy Eylea™ 2 mg (aflibercept 2 mg) every four weeks.

Darolutamide

// In July, the ARANOTE study reached its primary endpoint. In the study arm with darolutamide and androgen deprivation therapy, the radiographic progression-free survival was significantly increased in patients with metastatic hormone-sensitive prostate cancer compared to the study arm without darolutamide.

HER2/mutEGFR inhibitor

// In August, the global Phase III SOHO-02 study assessing the efficacy and safety profile of the investigational candidate BAY 2927088 was initiated. This development candidate is being investigated as a first-line therapy in adult patients with locally advanced or metastatic non-small-cell lung cancer (NSCLC) whose tumors have activating HER2 mutations.

Elinzanetant

// The results of the Phase III OASIS 1, 2 and 3 studies investigating the efficacy and safety of elinzanetant versus placebo demonstrated that elinzanetant (120 mg orally once daily) significantly reduced the frequency and severity of moderate to severe vasomotor symptoms (VMS, also known as hot flashes) associated with menopause. The active substance also demonstrated a favorable safety profile in the studies, with headache and fatigue being the most frequent treatment emergent adverse events (TEAEs). Consistent improvements were also seen across the OASIS 1 and 2 studies in all key secondary endpoints, with a significant reduction in the frequency of VMS at week one and improvements in sleep disturbances and menopause-related quality of life.

// In January 2025, we announced positive topline results from our Phase III OASIS 4 study. Elinzanetant met all primary and secondary endpoints in the treatment of moderate to severe vasomotor symptoms caused by adjuvant endocrine therapy in women with breast cancer or at high risk of developing breast cancer.

Finerenone

// In February 2024, we launched the Phase III FINE-ONE trial to investigate the efficacy and safety of finerenone versus placebo in delaying the progression of chronic kidney disease in adults with type 1 diabetes.

// In August, the Phase III FINEARTS-HF study evaluating the efficacy and safety of finerenone versus placebo in patients with heart failure and mildly reduced or preserved left ventricular ejection fraction (LVEF) met its primary endpoint. Finerenone reduced the composite of cardiovascular death and total (first and recurrent) heart failure events versus placebo.

Gadoquatrane

// In January 2025, we announced positive topline results from the Phase III clinical development program for our new MRT contrast agent gadoquatrane. These studies evaluated the safety and efficacy of gadoquatrane at a gadolinium dose of 0.04 mmol Gd/kg body weight. This represents a gadolinium dose reduction of 60% compared to the macrocylic gadolinium-based contrast agents dosed at 0.1 mmol Gd/kg body weight. Gadoquatrane met the primary and main secondary endpoints in these studies.

Zabedosertib

// In April, we decided not to further pursue the development of zabedosertib, a Phase II project in the indication atopic dermatitis. We remain committed to driving advances in the field of immunology.

Runcaciguat

// In June, we decided not to further pursue the development of runcaciguat, a soluble guanylate cyclase (sGC) activator in Phase II clinical development, in the indication nonproliferative diabetic retinopathy (NPDR). We will continue the sGC activator/CKD development program with the oral sGC activator nurandociguat (BAY3283142), a follow-up compound to runcaciguat with an improved PK/PD (pharmacokinetic/pharmacodynamic) profile, which since August has been undergoing evaluation in a Phase II trial (ALPINE-1) in patients with chronic kidney disease.

Filings and approvals

The most important drug candidates currently in the approval process are:

A 1.3/7

Main Products Submitted for Approval

Project	Region	Indication
Aflibercept 8mg (VEGF inhibitor)[1]	China	Neovascular age-related macular degeneration (nAMD)
Darolutamide (ODM-201, AR antagonist)	USA, EU, China	Metastatic hormone-sensitive prostate cancer
Elinzanetant (neurokinin-1,3-receptor antagonist)	USA, EU	Vasomotor symptoms associated with menopause
Finerenone (MR antagonist)	USA, China, EU	Heart failure with mid-range or preserved ejection fraction

As of February 3, 2025

[1] In collaboration with Regeneron Pharmaceuticals, Inc., United States

The following material developments occurred in 2024 and early 2025:

Aflibercept

// In January 2024, Eylea™ 8 mg was granted marketing authorization in the European Union and in Japan for the treatment of neovascular (wet) age-related macular degeneration and diabetic macular edema. Eylea™ 8 mg is the first anti-VEGF drug to be approved in the EU for extended treatment intervals of up to five months in these indications.
// Also in January 2024, an application for regulatory approval of aflibercept 8 mg for the treatment of neovascular (wet) age-related macular degeneration was accepted in China.
// In September, the pre-filled syringe OcuClick™ for the administration of Eylea™ 8 mg (114.3 mg/ml solution for injection) was approved in the European Union.

Darolutamide

// In September, we submitted a supplemental New Drug Application (sNDA) to the US FDA for the oral androgen receptor inhibitor darolutamide in combination with androgen deprivation therapy in patients with metastatic hormone-sensitive prostate cancer (mHSPC). An application for this third new indication was also submitted in the European Union in October and in China in December.

Elinzanetant

// In August, we announced the submission of a New Drug Application (NDA) to the US FDA for elinzanetant for the treatment of moderate to severe vasomotor symptoms (VMS, also known as hot flashes) associated with menopause. This NDA was accepted for review in October. The health authorities in Australia, Canada, Switzerland and the United Kingdom have also accepted our NDAs for elinzanetant for review.
// In October, we submitted a Marketing Authorisation Application (MAA) to the European Medicines Agency (EMA) for elinzanetant in the treatment of moderate to severe vasomotor symptoms (VMS, also known as hot flashes) associated with menopause or caused by adjuvant endocrine therapy, and this application was accepted for review.

Finerenone

// In January 2025, we filed submissions in the United States and China for regulatory approval of finerenone for the treatment of adult patients with heart failure with a left ventricular ejection fraction (LVEF) of ≥40%, i.e. with mildly reduced LVEF (HFmrEF) or preserved LVEF (HfpEF).
// In February 2025, we submitted a Marketing Authorisation Application (MAA) to the European Medicines Agency (EMA) seeking approval for a new indication for finerenone in the treatment of adult patients with heart failure with a left ventricular ejection fraction (LVEF) of ≥ 40%.

MEDRAD™ Centargo

// In November, our MEDRAD™ Centargo CT injection system received 510(k) clearance from the US FDA. The multi-patient injector drives workflow efficiency, especially in high-volume CT suites. Following CE approval in 2020, the product has already been launched in over 50 markets to date, and can now deliver value for radiology departments in the United States, which are facing a shortage of radiology technologists coupled with a rising demand for medical imaging.

Patents

The following table shows the expiration dates for our most significant Pharmaceuticals patents:

A 1.3/8

Pharmaceuticals Patent Expiration Dates

Products	Market										
	Germany	France	Italy	Switzer-land	Spain	UK	China	Japan	Brazil	Canada	USA
Adempas™											
Active ingredient	2028	2028	2028	2028	2028	2028	2023	2027–2028[d]	2023	2023	2026
Eylea™											
Active ingredient	2025	2025[h]	2025	2025[h]	2025	2025	–	2021–2025[d]	–	–	–
Jivi™											
Active ingredient	2030[g]	2031[e]	2031[e]	2030[g]	2031	2031	2025	2027	2025	2027	2025[a]
Kerendia™											
Active ingredient	2033	2033	2033	2033	2033	2033[e]	2028[a]	2033	2028	2028[f]	2028[a]
Nexavar™											
Active ingredient	–	–	–	–	–	–	–	2021–2025[d]	–	–	–
Nubeqa™											
Active ingredient	2035	2035	2035	2035	2035	2035	2030	2035	2030	2032	2033
Stivarga™											
Active ingredient	2028	2028	2028	2028	2028	2028	2024	2026[d]	2024	2024	2031
Verquvo™											
Active ingredient	2036[e]	2036	2036	2036	2036	2036[e]	2031[a]	2036	2031[b]	2033	2031[a]
Vitrakvi™											
Active ingredient	2034	2034	2034	2035[h]	2034	2034[e]	2029[a]	2034	2029	2031	2029[a]
Xarelto™											
Active ingredient	2024	2024	2024	2024	2024	2024	–	2022–2025[d]	–	–	2025
Xofigo™											
Use	2024	2024	2024	2024	2024	2024	–	–	–	–	–

[a] Current expiration date; patent term extension applied for
[b] Patent application pending
[c] Patent term revised (not applicable in 2024)
[d] Application-specific patent term extension(s)
[e] Patent term extension granted
[f] Current expiration date; patent term extension will be applied for punctually
[g] Pediatric SPC extension applied for
[h] Pediatric SPC extension granted

In addition to the information in the table, it should be noted that in Europe our Xarelto™ 10, 15 and 20 mg tablets are protected by a patent granted by the European Patent Office for once-daily dosing until January 2026. This patent has been successfully defended at European level but is being attacked again at the national level in most European countries. We believe in the validity of our patent and are vigorously defending it.[7] We also take vigorous action against infringement of this patent which commenced in the majority of European countries after the April 2024 expiration of the patent protection for the active ingredient of Xarelto™. Such infringements include attempts to circumvent the patent by using oral dosage forms other than tablets.

In the United States, our Xarelto™ 10, 15 and 20 mg tablets are also protected by a patent for once-daily dosing beyond 2025. There have already been patent law disputes that have been settled through settlements, including with Unichem, Inc. and Unichem Pharmaceuticals (USA), Inc. (collectively "Unichem"). According to the settlement, Unichem will be licensed under the relevant patents to market a generic version of Xarelto™ 10, 15 and 20 mg tablets from 2027 or earlier in certain circumstances, which we do not expect at this time. In the United States, as in Europe, there is a risk of attempts to circumvent and attacks on this patent by previously uninvolved competitors from 2025 onwards.

[7] None of the legal proceedings have been finally decided in any country except for the UK where our patent was found to be invalid.

External innovation

We achieved further progress in the area of external innovation in 2024 and early 2025:

// In January, our subsidiary BlueRock announced the in-licensing of the iPSC cell therapy candidate OpCT-001 for the treatment of primary photoreceptor diseases from FUJIFILM Cellular Dynamics, Inc., United States, and Opsis Therapeutics, LLC, United States.
// In March, we announced the acquisition of exclusive commercialization rights for acoramidis in Europe from Eidos Therapeutics Inc., United States, BridgeBio International GmbH, Switzerland, and BridgeBio Europe B.V., Netherlands, to strengthen our cardiology portfolio. In February 2025, acoramidis (Beyonttra™) was granted regulatory approval in the EU.
// Also in March, we announced a collaboration with Aignostics GmbH, Germany, to identify novel targets in the area of precision oncology therapies.
// Likewise in March, we announced a collaboration with Thermo Fisher Scientific Inc., United States, in the field of precision oncology to jointly develop diagnostic tests based on next-generation sequencing.
// In April, we announced a collaboration with Google Cloud Limited, Ireland, to develop an AI Innovation Platform (AIIP) to support companies and start-ups from the healthcare industry in the development of AI-based solutions for radiology and other areas. Since October, an initial MVP (minimal viable product) version has been available for external testing, including in the course of a hackathon event held together with Google Cloud.
// Also in April, we announced a research collaboration with Evotec SE, Germany, in the field of precision cardiology.
// In June, we announced a collaboration with Samsung Electronics America, Inc., United States, in the area of women's healthcare.
// Also in June, we announced plans to build the Berlin Center for Gene and Cell Therapies in cooperation with Charité – Universitätsmedizin Berlin. The aim of this collaboration with the Berlin-based university hospital is to accelerate the translation of research results into healthcare applications. We also want to help start-ups transition their innovative gene and cell therapy approaches to clinical development. Construction is scheduled to begin in 2025.
// In August, we announced a strategic collaboration with NextRNA Therapeutics, Inc., United States, for the development of small molecule active substances targeting non-coding RNA (lncRNA) in oncology.
// In September, together with our subsidiary AskBio, we reported that a collaboration had been agreed with BeliefBio Med Inc., China, to investigate the potential of new gene therapies.
// Also in September, we opened the Bayer Co.Lab Shanghai as part of the global expansion of our network of life science incubators, offering access to our expertise in cell and gene therapy and oncology.
// In October, we announced a collaboration and license agreement with US company MOMA Therapeutics, Inc. This agreement includes the development and commercialization of a small molecule precision oncology program based on MOMA's proprietary KNOMATIC™ platform.
// Also in October, we entered into an exclusive licensing agreement with Dewpoint Therapeutics, Inc., United States, for a heart disease program to treat dilated cardiomyopathy (DCM) patients carrying specific mutations.
// In November, we signed an exclusive licensing agreement with Cytokinetics, Incorporated, United States, for the development and commercialization of aficamten in Japan. Aficamten is a cardiac myosin inhibitor for the potential treatment of patients with obstructive and non-obstructive hypertrophic cardiomyopathy (HCM).
// Also in November, we further extended our global incubator network with the opening of Bayer Co.Lab Berlin, aimed at advancing breakthroughs in cell and gene therapy, and oncology.
// In December, our subsidiary Vividion acquired Tavros Therapeutics, Inc., United States. As described in the "Chemoproteomics" section, the integration of Tavros will significantly strengthen Vividion's expertise and capabilities in the area of functional genomics.

The following table provides an overview of additional significant partnerships and collaborations that were ongoing or newly formed in 2024:

A 1.3/9

Main Collaboration and Licensing Partners

Partner	Collaboration objective
Arvinas Inc.	Research collaboration in the field of life sciences using novel PROTAC™ (proteolysis-targeting chimeras) technology from Arvinas to develop new pharmaceuticals to treat cardiovascular, oncological and gynecological diseases
Belief BioMed Inc.	Collaboration with AskBio in the field of new gene therapies
Bicycle Therapeutics plc	Strategic collaboration to develop new targeted radionuclide therapies in oncology
Bill & Melinda Gates Foundation	Grant agreement to advance innovations in the field of non-hormonal contraception
bit.bio Ltd.	Collaboration and option agreement for BlueRock for the discovery and manufacture of regulatory T cell-based therapies
Broad Institute	Strategic partnership to research and develop new therapeutic options in the fields of cardiovascular medicine and oncology, and establishment and operation of a joint cardiology research laboratory
CrossBay Medical Inc.	Development and option to license agreement that allows single-handed inserter to be developed and combined with our portfolio of hormonal intrauterine systems
Daré Bioscience, Inc.	License agreement for US commercial rights to hormone-free contraceptive Ovaprene™ in the future
German Cancer Research Center (DKFZ)	Strategic partnership to research and develop new therapeutic options in oncology, especially in immunotherapy
Dewpoint Therapeutics, Inc.	Option, research and license agreement for the development of new treatments for cardiovascular and gynecological diseases, with the partnership leveraging Dewpoint's proprietary platform for biomolecular condensates and Bayer's compound library
Editas Medicine, Inc.	License agreement to use Editas' CRISPR genome editing technologies in support of BlueRock's portfolio in neurology, cardiology, and immunology
Foundation Medicine, Inc.	Collaboration for the development and global commercialization of therapy-accompanying diagnostic tests, also known as companion diagnostics (CDx), based on next-generation sequencing for new cancer drugs developed by Bayer
Fujifilm Cellular Dynamics, Inc. & Opsis Therapeutics, LLC	Collaboration and option agreement for BlueRock focused on discovering and developing iPSC therapies for the treatment of ocular diseases, including inherited retinal disorders and dry AMD
Google Cloud EMEA Limited	Collaboration to accelerate quantum chemistry calculations for protein-ligand interaction modelling using Google Cloud's Tensor Processing Units (TPUs), and in the field of radiology to develop an AI platform to support the company and start-ups in the development of AI-powered applications and solutions for the healthcare segment, such as TPUs in radiology to model protein-ligand interactions
Hologic, Inc.	Partnership in the field of breast cancer diagnostic imaging in contrast-enhanced mammography
Janssen Research & Development, LLC of Johnson & Johnson	Development and marketing of Xarelto™ (rivaroxaban) for the treatment of coagulation disorders
Life Technologies Corporation	Collaboration for the development and global commercialization of therapy-accompanying diagnostic tests, also known as companion diagnostics (CDx), based on next-generation sequencing for new cancer drugs developed by Bayer
Mammoth Biosciences, Inc.	Strategic partnership in the field of gene editing, focusing on the development of in vivo therapies with target structures in the liver, and non-exclusive collaboration in the field of ex vivo gene editing
Merck & Co., Inc.	Development and marketing collaboration in the field of soluble guanylate cyclase (sGC) modulation
MOMA Therapeutics, Inc.	Collaboration and licensing agreement for the development and marketing of a small molecule program in precision oncology
NextRNA Therapeutics, Inc.	Strategic collaboration to develop small molecule therapeutics to address long non-coding RNAs (lncRNAs) in oncology
Orion Corporation	Development and marketing of darolutamide (previously ODM-201) for the treatment of patients with prostate cancer
Peking University	Research collaboration and establishment of a research center for joint projects
ReCode Therapeutics, Inc.	Strategic research collaboration for AskBio to jointly develop a single vector gene editing platform for novel precision genetic medicines
Recursion Pharmaceuticals, Inc.	Strategic partnership to conduct research into new cancer treatments
Regeneron Pharmaceuticals, Inc.	Cooperation and license agreement and joint development and marketing (outside the United States) of Eylea™ 2 mg and Eylea™ 8 mg
Tavros Therapeutics, Inc.	Strategic research collaboration to identify and optimize targeted oncology programs for Vividion
Tsinghua University	Research collaboration and establishment of a research center for joint projects
Vanderbilt University Medical Center	Strategic research alliance to identify and develop new potential active ingredients for the treatment of kidney diseases

Consumer Health

At Consumer Health, we concentrate on developing new nonprescription (OTC) products and solutions that improve consumer health and well-being. We maintain a global network of research and development facilities, with major sites in the United States, France, Switzerland, United Kingdom, Germany and Spain at which approximately 770 employees (2023: 740 employees) work. We are active in the areas of pain, cardiovascular risk prevention, dermatology, nutritional supplements, digestive health, allergy and cough & cold.

Our focus lies on product developments that are insight-driven and aligned to the unmet needs of consumers. Our innovations range from new product development, improved formulations, digital tools, devices and packaging to new claims and consumer health education tools. In addition, we developed around 30 new consumer-validated product innovations in 2024. We are strengthening Consumer Health's innovation pipeline with around 150 active projects that we are developing across all our categories. These include core and adjacent innovations as well as transformational innovations that could significantly advance self-care products for consumers worldwide.[8]

A further important part of our innovation strategy is transitioning current prescription medicines that are suitable for self-care to over-the-counter status (Rx-to-OTC switches). We also introduced a number of product line extensions for existing brands in various countries in 2024. Launches in 2024 in the United States included an innovative fizzy melt formula Alka-Seltzer Plus™ for digestive relief and a fizzy chew for cough & cold designed for on-the-go consumers, as well as the US launch of the Iberogast™ brand including a new gel capsule format.

In Europe/Middle East/Africa, we demonstrated progress towards our sustainability commitments with the launch of a PET blister pack for Aleve™ in the Netherlands, a first-of-its-kind packaging innovation in the industry that reduces the carbon footprint over previous packaging by 38%. In France, we launched a new nighttime Euphytose™ product in gummy format to address the high demand for sleeping aids.

We also made progress in Asia/Pacific, with continued growth in India with the launch of the Bepanthen™ line of skin care and the introduction of Saridon™ pain relief for women, among others. Our new Canesten™ Lactic Acid Vagina Gel product was launched in China. Berocca™ is now also available in Australia and New Zealand with a new clinically proven formula designed to boost cognitive performance, enhancing mental endurance, alertness and memory.

Latin America saw the launch of consumer-driven innovations such as the new IberoFlora™, the first probiotic for kids in Mexico. The formula is completely tasteless and can be easily sprinkled on food or mixed into any beverage. Mexico also launched a new version of the popular Tabcin™ cough & cold product with a new gel capsule that is 25% smaller and therefore considerably easier to swallow.

[8] Core innovation means optimizing existing products for existing customers. Adjacent innovation refers to the extension of existing brands to new market segments, i.e. new products and assets are added. Transformational innovation refers to achieving breakthroughs and creating new markets that do not yet exist.

2. Report on Economic Position

2.1 Overview of Business Performance

2.1.1 Economic Position and Target Attainment

Fiscal 2024 presented a number of operational challenges for our company as we looked to navigate a weak agricultural market and patent expirations at Pharmaceuticals. However, we nonetheless made progress in delivering on our strategic priorities. Sales were on par with the prior-year level on a currency- and portfolio-adjusted basis (Fx & portfolio adj.), edging 0.7% higher. However, EBITDA before special items decreased substantially, down 13.5% year on year. The EBITDA margin before special items came in at 21.7%, marking a decline of 2.9 percentage points against the previous year. This was largely due to the decline in earnings at Crop Science and Pharmaceuticals. At Crop Science, sales fell by 2.0% (Fx & portfolio adj.) and EBITDA before special items declined by 14.2%. Pharmaceuticals increased sales by 3.3% (Fx & portfolio adj.) but saw EBITDA before special items fall by 9.0%. Consumer Health registered slightly higher sales, with growth of 1.9% (Fx & portfolio adj.), while EBITDA before special items decreased by 3.2%. Our operational business was impacted by substantial currency headwinds overall. Group earnings per share (total) came in at minus €2.60 in 2024, and were mainly weighed down by impairment losses. Core earnings per share dropped by a considerable 21.0% to €5.05.

In the Group outlook published in our 2023 Annual Report, we anticipated sales of €46 to €48 billion based on the closing rates on December 31, 2023, corresponding to a change of –1% to +3% on a currency- and portfolio-adjusted basis. EBITDA before special items was forecast to come in at €10.4 to €11.0 billion, and core earnings per share at €4.95 to €5.35. Free cash flow was projected to amount to €2 to €3 billion, while net financial debt was expected to come in at €32.5 to €33.5 billion.

Following a slight adjustment in May due to currency effects, we revised certain parts of our guidance in November in view of the weaker-than-anticipated development of the agricultural market and exchange-rate developments. As part of this updated guidance, which was based on the closing rates on September 30, 2024, we projected sales of €45.5 to €47.5 billion, corresponding to a change of –1% to +3% on a currency- and portfolio-adjusted basis. EBITDA before special items was forecast to come in at €10.0 to €10.3 billion, and core earnings per share at €4.80 to €5.20. The forecasts for free cash flow and net financial debt were left unchanged at €2 to €3 billion, and €32.5 to €33.5 billion, respectively. We also adjusted our currency-adjusted guidance in November, but only with respect to EBITDA before special items, revising our forecast from between €10.7 and €11.3 billion to between €10.4 and €10.7 billion.

Based on this revised Group outlook, we slightly exceeded our free cash flow guidance, while sales growth (Fx & portfolio adj.), EBITDA before special items and core earnings per share all came in at the midpoint of the respective target corridors. In addition, we succeeded in reducing our net financial debt, which came in at the lower end of the projected range.

Target Attainment in 2024

A 2.1.1/1

Target Attainment

Target	Original 2024 outlook[1]	Revised 2024 outlook[2]	2024 figures
Group sales	€46 to €48 billion Fx & p adj.: –1 to +3%	€45.5 to €47.5 billion Fx & p adj.: –1 to +3%	€46.6 billion Fx & p adj.: +0.7%
EBITDA before special items[3]	€10.4 to €11.0 billion	€10.0 to €10.3 billion	€10.1 billion
Core earnings per share[3]	€4.95 to €5.35	€4.80 to €5.20	€5.05
Free cash flow[3]	€2 to €3 billion	€2 to €3 billion	€3.1 billion
Net financial debt[3]	€32.5 to €33.5 billion	€32.5 to €33.5 billion	€32.6 billion

Fx & p adj. = currency- and portfolio-adjusted

[1] Published in March 2024

[2] Published in November 2024

[3] For definition see A 2.3 “Alternative Performance Measures Used by the Bayer Group.”

2.1.2 Key Events

Innovations and product approvals

Over the course of 2024 and early 2025, we made significant progress with our innovative products in the fields of ophthalmology, oncology, women's healthcare, cardiovascular disease and radiology.

In ophthalmology, for example, we received regulatory approval for the Eylea™ 8 mg pre-filled syringe in the European Union in September 2024. The pre-filled syringe provides ophthalmologists with an efficient and simple way to deliver Eylea™ 8 mg for the approved indications of neovascular (wet) age-related macular degeneration (nAMD) and diabetic macular edema (DME).

In oncology, we applied for marketing authorizations for a third indication for our drug darolutamide (brand name Nubeqa™) in the United States, the European Union and China in September, October and December 2024, respectively.

In women's healthcare, we announced in October 2024 that the US Food and Drug Administration (FDA) had accepted our New Drug Application (NDA) for elinzanetant, our investigational compound for the nonhormonal treatment of moderate to severe vasomotor symptoms associated with menopause, for review. In the same month, we also announced that we had submitted a Marketing Authorisation Application (MAA) for elinzanetant for review to the European Medicines Agency (EMA).

In cardiovascular disease, we submitted a Supplemental New Drug Application in the United States and China in January 2025 seeking approval of finerenone (brand name Kerendia™) for the treatment of heart failure. In February 2025, we submitted an MAA seeking approval in the European Union.

In radiology, we announced topline results in January 2025 from the Phase III QUANTI studies showing that the MRI contrast agent gadoquatrane had met the primary and main secondary endpoints relating to safety and efficacy in patients using a 60% lower gadolinium dose than the comparator products used in the trial.

Portfolio changes

In February 2025, the heart drug Beyonttra™ (acoramidis) was approved in the European Union for the treatment of wild-type or variant transthyretin amyloidosis in adult patients with cardiomyopathy (ATTR-CM). We will launch acoramidis in Europe in the first half of 2025. BridgeBio holds the marketing rights for acoramidis in the United States, while Bayer acquired the exclusive marketing rights for the product in Europe from Eidos Therapeutics Inc., BridgeBio International GmbH, and BridgeBio Europe B.V. Under the respective agreement, BridgeBio and its affiliates will receive up to US$310 million in upfront and near-term milestone payments and are eligible to receive additional undisclosed sales milestone payments and tiered royalties beginning in the low-thirties percent.

Financing activities

In June 2024, we placed our first-ever bond on the Chinese capital market. Known as a Panda bond, the issuance has a volume of CNY 2 billion (€256 million), a maturity of two years and a coupon of 2.2%.

In September 2024, we issued €750 million in new hybrid bonds that were several times oversubscribed. The bonds were sold exclusively to institutional investors. The proceeds were used for general corporate purposes, including financing the repurchase of hybrid bonds before the first call date.

In December 2024, we secured a revolving credit facility (RCF) with a volume of €5 billion and a tenor of five years, replacing an undrawn €4.5 billion RCF from 2018. The RCF met with great interest from banks, with a total of 23 financial institutions committing to the facility in equal amounts.

In January 2025, we placed another Panda bond on the Chinese capital market. The bond has a volume of CNY 2 billion (€264 million), a maturity of three years and a coupon of 2.4%.

Board of Management

The Supervisory Board of Bayer AG appointed Julio Triana to Bayer's Board of Management effective April 1, 2024. He became head of the Consumer Health Division effective May 1, 2024, and succeeded Heiko Schipper, who had asked the Supervisory Board to bring forward the end date of his contract. Schipper left the company effective April 30, 2024.

2.1.3 Economic Environment

Global economic growth declines

The global economy grew by a low single-digit percentage in 2024[9], with highly divergent growth rates in the individual countries. Weaker growth rates were mainly recorded in Asia and Europe, while the US economy remained robust.

Currency development

In 2024, Group sales included negative currency effects of €1,349 million, and EBITDA before special items contained negative currency effects of €573 million. The effects pertained to the currencies shown in the following table.

A 2.1.3/1

Currency Development Bayer Group

	Average end-of-day exchange rate against the euro for the year		€ million	
	2023	2024	Fx effect on sales	Fx effect on clean EBITDA
AUD	1.63	1.64	(3)	(1)
BRL	5.40	5.80	(480)	(306)
CAD	1.46	1.48	(20)	(11)
CNY	7.66	7.80	(62)	(35)
JPY	151.55	163.69	(115)	(66)
MXN	19.17	19.70	(33)	(18)
RUB	91.23	100.13	(113)	(87)
TRY	24.89	35.47	(303)	(328)
USD	1.08	1.08	1	11
Other currency areas and effects[1]			(221)	268
Total			**(1,349)**	**(573)**

[1] Fx hedging, including hedging costs

[9] Source: International Monetary Fund (as of January 2025)

2.2 Earnings; Asset and Financial Position of the Bayer Group

2.2.1 Earnings Performance of the Bayer Group

Business Development of the Bayer Group

A 2.2.1/1

			Change (%)				Change (%)	
€ million	Q4 2023	Q4 2024	Reported	Fx & p adj.	2023	2024	Reported	Fx & p adj.
Sales	**11,862**	**11,729**	**–1.1**	**+0.1**	**47,637**	**46,606**	**–2.2**	**+0.7**
Change in sales[1]								
Volume	+9.0%	–0.3%			+0.6%	0.0%		
Price	–3.5%	+0.4%			–1.8%	+0.7%		
Currency	–6.5%	–1.2%			–3.9%	–2.9%		
Portfolio	–0.2%	0.0%			–1.0%	0.0%		
Sales by region								
Europe/Middle East/Africa	3,085	2,969	–3.8	–4.9	14,086	13,980	–0.8	+1.2
North America	3,789	3,994	+5.4	+4.4	16,254	16,477	+1.4	+1.5
Asia/Pacific	2,067	2,155	+4.3	+4.2	8,369	8,071	–3.6	–0.7
Latin America	2,921	2,611	–10.6	–3.0	8,928	8,078	–9.5	–0.3
EBITDA[1]	**2,646**	**1,901**	**–28.2**		**10,632**	**8,712**	**–18.1**	
Special items[1]	(377)	(449)			(1,074)	(1,411)		
EBITDA before special items[1]	**3,023**	**2,349**	**–22.3**		**11,706**	**10,123**	**–13.5**	
EBITDA margin before special items[1]	25.5%	20.0%			24.6%	21.7%		
EBIT[1]	**2,189**	**134**	**–93.9**		**612**	**(71)**	**.**	
Special items[1]	247	(722)			(6,977)	(5,507)		
EBIT before special items[1]	**1,942**	**855**	**–56.0**		**7,589**	**5,436**	**–28.4**	
Financial result	**(545)**	**(615)**	**.**		**(2,233)**	**(2,263)**	**.**	
Net income (from continuing and discontinued operations)	**1,337**	**(335)**	**.**		**(2,941)**	**(2,552)**	**.**	
Earnings per share from continuing and discontinued operations (€)	**1.36**	**(0.34)**	**.**		**(2.99)**	**(2.60)**	**.**	
Core earnings per share[1] **from continuing operations (€)**	**1.85**	**1.05**	**–43.2**		**6.39**	**5.05**	**–21.0**	
Net cash provided by (used in) operating activities (from continuing and discontinued operations)	**5,607**	**4,997**	**–10.9**		**5,117**	**7,368**	**+44.0**	
Free cash flow[1]	**4,261**	**3,312**	**–22.3**		**1,311**	**3,107**	**+137.0**	
Net financial debt (at end of period)	**34,498**	**32,626**	**–5.4**		**34,498**	**32,626**	**–5.4**	
Cash flow-relevant capital expenditures (from continuing and discontinued operations)	**996**	**1,099**	**+10.3**		**2,751**	**2,778**	**+1.0**	
Research and development expenses	**1,070**	**1,725**	**+61.2**		**5,371**	**6,209**	**+15.6**	
Depreciation, amortization and impairment losses/loss reversals	**457**	**1,767**	**.**		**10,020**	**8,783**	**–12.3**	
Number of employees (at end of period)[2]	**99,723**	**92,815**	**–6.9**		**99,723**	**92,815**	**–6.9**	
Personnel expenses (including pension expenses and restructuring measures)	**2,373**	**3,216**	**+35.5**		**10,691**	**12,451**	**+16.5**	

Fx & p adj. = currency- and portfolio-adjusted

[1] For definition see A 2.3 “Alternative Performance Measures Used by the Bayer Group.”

Sales

Sales of the Bayer Group came in at €46,606 million in 2024 (Fx & portfolio adj. +0.7%; reported –2.2%) and were therefore on a par with the prior year, with Germany accounting for €2,410 million of this figure. We registered substantial currency headwinds of €1,349 million.

Sales at Crop Science fell by 2.0% (Fx & portfolio adj.) to €22,259 million, primarily due to price declines in the crop protection business amid increased competitive pressure. Sales at Pharmaceuticals rose by 3.3% (Fx & portfolio adj.) to €18,131 million. Significant gains for our new products Nubeqa™ and Kerendia™ and continued sales growth for Eylea™ and our Radiology business were mainly offset by declines for Xarelto™. Sales were also up at Consumer Health, advancing 1.9% (Fx & portfolio adj.) to €5,870 million, with strong performance in the Dermatology and Digestive Health categories but significant declines at Allergy & Cold. In the Reconciliation, sales increased by 34.5% (Fx & portfolio adj.) to €346 million.

Earnings

EBITDA before special items of the Bayer Group declined by 13.5% to €10,123 million (2023: €11,706 million). This figure included a negative currency effect of €573 million. Overall, earnings were negatively impacted by allocations to provisions for the Group-wide short-term incentive (STI) program based on the overall improvement in target attainment levels at the divisions compared with the prior year (STI effect). This effect significantly weighed on earnings at both Crop Science and Pharmaceuticals. At Crop Science, EBITDA before special items decreased by 14.2% to €4,325 million (2023: €5,038 million), mainly due to price declines in our crop protection business. Earnings were also diminished by a mainly inflation-related increase in costs. At Pharmaceuticals, EBITDA before special items declined by 9.0% to €4,722 million (2023: €5,189 million), primarily as a result of negative currency effects. Additional negative factors, such as shifts in the product mix, were partially offset by lower expenses in other areas. Consumer Health posted a 3.2% decline in EBITDA before special items to €1,366 million (2023: €1,411 million) that was likewise predominantly attributable to negative currency effects. In the Reconciliation, EBITDA before special items came in at minus €290 million (2023: €68 million).

EBITDA amounted to €8,712 million in 2024 (2023: €10,632 million). **Depreciation, amortization, impairment losses and impairment loss reversals** led to net expense of €8,783 million (2023: €10,020 million). Of this amount, intangible assets accounted for amortization, impairment losses and impairment loss reversals of €6,636 million (2023: €7,696 million), and property, plant and equipment accounted for depreciation, impairment losses and impairment loss reversals of €2,147 million (2023: €2,324 million). Impairment losses and impairment loss reversals led to net expense of €4,735 million (2023: €6,111 million), with intangible assets accounting for net expense of €4,184 million (2023: €5,402 million). The impairment losses and impairment loss reversals were primarily attributable to the Crop Science Division (net impairment losses of €4,256 million).

Net impairment losses of €4,096 million (2023: €5,905 million) and accelerated depreciation of €6 million (2023: €0 million) were included in special items.

EBIT before special items declined by 28.4% to €5,436 million (2023: €7,589 million). **EBIT** amounted to minus €71 million in 2024 (2023: €612 million) after net special charges of €5,507 million (2023: €6,977 million). The special charges mainly resulted from the aforementioned impairment losses, which were primarily attributable to the Crop Science Division.

In 2024, the following special effects were taken into account in calculating EBIT and EBITDA before special items.

A 2.2.1/2

Special Items[1] by Category

€ million	EBIT Q4 2023	EBIT Q4 2024	EBIT 2023	EBIT 2024	EBITDA Q4 2023	EBITDA Q4 2024	EBITDA 2023	EBITDA 2024
Total special items	**247**	**(722)**	**(6,977)**	**(5,507)**	**(377)**	**(449)**	**(1,074)**	**(1,411)**
Restructuring	(222)	(532)	(586)	(1,327)	(186)	(533)	(548)	(1,323)
of which in the Reconciliation	(147)	(136)	(237)	(301)	(111)	(137)	(201)	(301)
Acquisition/integration	–	–	(18)	–	–	–	(18)	–
Divestments/closures	2	(10)	(43)	(54)	2	(10)	(43)	(13)
Litigation/legal risks	(171)	16	(521)	(213)	(171)	16	(521)	(213)
of which in the Reconciliation	(229)	(6)	(592)	(271)	(229)	(6)	(592)	(271)
Impairment losses/loss reversals[2]	660	(274)	(5,870)	(4,051)	(1)	–	(5)	–
Other	(22)	78	61	138	(21)	78	61	138

[1] For definition, see A 2.3 "Alternative Performance Measures Used by the Bayer Group."
[2] Where not already included in the other special items categories

Core earnings per share

Core earnings per share decreased by a substantial 21.0% year on year to €5.05 (2023: €6.39), mainly due to the decline in earnings in the Crop Science and Pharmaceuticals divisions.

Earnings per share (total) amounted to minus €2.60 in 2024 (2023: minus €2.99). The difference between this figure and the one for core earnings per share is mainly due to the impairment losses that were primarily attributable to the Crop Science Division.

A 2.2.1/3

Core Earnings per Share[1]

€ million	Q4 2023	Q4 2024	2023	2024
EBIT[1] (as per income statements)	**2,189**	**134**	**612**	**(71)**
Amortization and impairment losses/loss reversals on goodwill and other intangible assets	(61)	928	7,696	6,636
Impairment losses (+)/loss reversals (–) on property, plant and equipment, and accelerated depreciation included in special items	107	442	709	557
Special charges (+)/special gains (–) (other than accelerated depreciation, amortization and impairment losses/loss reversals)	378	448	1,074	1,411
Core EBIT[1]	**2,613**	**1,952**	**10,091**	**8,533**
Financial result (as per income statements)	(545)	(615)	(2,233)	(2,263)
Special charges (+)/special gains (–) in the financial result[2]	54	142	364	412
Income taxes (as per income statements)	(302)	153	(1,321)	(212)
Tax effects related to amortization, impairment losses/loss reversals and special items	3	(594)	(589)	(1,481)
Income after income taxes attributable to noncontrolling interest (as per income statements)	(5)	(7)	1	(6)
Above-mentioned adjustments attributable to noncontrolling interest	(4)	(1)	(33)	(17)
Core net income from continuing operations	**1,814**	**1,030**	**6,280**	**4,966**
Shares (million)				
Weighted average number of shares	982.42	982.42	982.42	982.42
€				
Core earnings per share from continuing operations[1]	**1.85**	**1.05**	**6.39**	**5.05**

[1] For definition see A 2.3 "Alternative Performance Measures Used by the Bayer Group."
[2] Includes in particular the changes in the fair value of the interests in Century Therapeutics, Inc. and Pyxis Oncology, interest cost for the provisions for litigations/legal risks, and currency effects related to dividend payments in Brazil

Personnel expenses and employee numbers

The number of employees in the Bayer Group as of the closing date fell by 6.9% year on year to 92,815 (December 31, 2023: 99,723). Personnel expenses increased by 16.5% to €12,451 million (2023: €10,691 million), mainly due to expenses for our restructuring programs and the aforementioned STI effect.

Bayer Group – Other Earnings Parameters

A 2.2.1/4

Bayer Group Summary Income Statements

€ million	Q4 2023	Q4 2024	Change (%)	2023	2024	Change (%)
Net sales	11,862	11,729	–1.1	47,637	46,606	–2.2
Cost of goods sold	(4,486)	(5,723)	+27.6	(19,749)	(21,270)	+7.7
Selling expenses	(2,839)	(3,599)	+26.8	(12,482)	(13,364)	+7.1
Research and development expenses	(1,070)	(1,725)	+61.2	(5,371)	(6,209)	+15.6
General administration expenses	(755)	(736)	–2.5	(2,453)	(2,574)	+4.9
Other operating income/(expenses)	(523)	188	.	(6,970)	(3,260)	–53.2
EBIT[1]	**2,189**	**134**	**–93.9**	**612**	**(71)**	**.**
Financial result	**(545)**	**(615)**	**+12.8**	**(2,233)**	**(2,263)**	**+1.3**
Income before income taxes	**1,644**	**(481)**	**.**	**(1,621)**	**(2,334)**	**+44.0**
Income taxes	(302)	153	.	(1,321)	(212)	–84.0
Income from continuing operations after taxes	1,342	(328)	.	(2,942)	(2,546)	–13.5
Income after income taxes (total)	**1,342**	**(328)**	**.**	**(2,942)**	**(2,546)**	**–13.5**
of which attributable to noncontrolling interest	5	7	+40.0	(1)	6	.
of which attributable to Bayer AG stockholders (net income)	**1,337**	**(335)**	**.**	**(2,941)**	**(2,552)**	**–13.2**

[1] For definition see A 2.3 "Alternative Performance Measures Used by the Bayer Group."

Functional costs

The special effects accounted for in EBIT and EBITDA before special items were attributable to the functional costs as shown in the following table.

A 2.2.1/5

Special Items[1] by Functional Cost

€ million	EBIT Q4 2023	EBIT Q4 2024	EBIT 2023	EBIT 2024	EBITDA Q4 2023	EBITDA Q4 2024	EBITDA 2023	EBITDA 2024
Total special items	**247**	**(722)**	**(6,977)**	**(5,507)**	**(377)**	**(449)**	**(1,074)**	**(1,411)**
Cost of goods sold	554	(481)	(3)	(1,069)	(13)	(201)	(62)	(439)
Selling expenses	273	(62)	90	(361)	(50)	(96)	(209)	(276)
Research and development expenses	433	(101)	464	(349)	29	(74)	(1)	(235)
General administration expenses	(181)	(164)	(311)	(390)	(145)	(163)	(275)	(390)
Other operating income/(expenses)	(832)	86	(7,217)	(3,338)	(198)	85	(527)	(71)

[1] For definition see A 2.3 "Alternative Performance Measures Used by the Bayer Group."

The cost of goods sold increased by 7.7% year on year to €21,270 million in 2024, while the ratio of the cost of goods sold to total sales rose to 45.6% (2023: 41.5%). After adjusting for special items and currency effects, the cost of goods sold increased by 6.7%. This increase mainly related to the Pharmaceuticals Division and was attributable to higher raw material costs and an inflation-driven rise in costs amid increased volumes, along with impairment losses on property, plant and equipment used in production.

Selling expenses increased by 7.1% to €13,364 million, with the ratio of selling expenses to total sales amounting to 28.7% (2023: 26.2%). Adjusted for special items and currency effects, selling expenses were up 6.9%. This increase mainly related to Pharmaceuticals and was partly attributable to increased licensing expenses as well as impairment losses on intangible assets in sales and marketing.

Research and development (R&D) expenses increased by 15.6% to €6,209 million, and the ratio of R&D expenses to sales came in at 13.3% (2023: 11.3%). This increase was driven by higher special charges in the Crop Science and Pharmaceuticals divisions. After adjusting for special items and currency effects, R&D expenses were on a par with the prior year, edging 0.9% higher.

General administration expenses increased by 4.9% to €2,574 million. The ratio of general administration expenses to total sales rose to 5.5% (2023: 5.1%). Adjusted for special items and currency effects, general administration expenses increased by 5.2%, mainly due to significantly higher expense for Group-wide incentive programs.

The balance of other operating expenses and other operating income came in at minus €3,260 million, representing an improvement against the prior year (2023: minus €6,970 million) that was predominantly due to lower impairment losses on goodwill.

Overall, the expense arising from the aforementioned STI effect pushed up all functional costs.

Financial result and income before income taxes

After a financial result of minus €2,263 million (2023: minus €2,233 million), income before income taxes amounted to minus €2,334 million (2023: minus €1,621 million). The financial result was nearly level year on year, with an increase in net interest expense largely offset by an improvement in the balance of exchange gains and losses.

A 2.2.1/6

Financial Result[1]

€ million	Q4 2023	Q4 2024	2023	2024
Income (loss) from investments in affiliated companies	(32)	(66)	(173)	(163)
Net interest expense	(267)	(347)	(1,134)	(1,425)
Other financial income/(expenses)	(246)	(202)	(926)	(675)
of which interest portion of discounted provisions	(73)	(104)	(429)	(412)
of which exchange gain (loss)	(227)	(76)	(449)	(203)
of which miscellaneous financial income/(expenses)	54	(22)	(48)	(60)
Total	**(545)**	**(615)**	**(2,233)**	**(2,263)**
of which special items (net)	(54)	(142)	(364)	(412)

[1] Further information on the financial result is given in Note [10].

Income taxes

Income tax expense of €212 million was recorded in 2024 (2023: €1,321 million). The year-on-year decline in income tax expense was primarily attributable to an increase in tax income from the recognition of deferred taxes relating to temporary differences and tax loss carryforwards as well as to lower deferred tax expense in connection with the recognition of deferred tax assets for unused tax credits and interest carryforwards. The decline in taxes paid/accrued reflected the company's general business performance.

Net income

After income tax expense and income attributable to noncontrolling interest, net income amounted to minus €2,552 million in 2024 (2023: minus €2,941 million).

2.2.2 Business Development by Division

Crop Science

Market

The global seed and crop protection market recorded a decline of approximately 2%[10] in 2024 due to continued high channel inventories, lower active ingredient prices, generic pressure and lower commodity prices. Glyphosate experienced a relative price stabilization, while seeds and traits grew only modestly due to adverse weather conditions, especially in Latin America. By contrast, strong growth was seen in cereals and vegetables. Despite declining versus previous years, inflation remained high, impacting costs and further exacerbating the difficult market environment for farmers worldwide and for Crop Science.

A 2.2.2/1

Key Data – Crop Science

			Change (%)[1]				Change (%)[1]	
€ million	Q4 2023	Q4 2024	Reported	Fx & p adj.	2023	2024	Reported	Fx & p adj.
Sales	**5,630**	**5,385**	**–4.4**	**–2.3**	**23,270**	**22,259**	**–4.3**	**–2.0**
Change in sales[1]								
Volume	+14.7%	–0.4%			+1.2%	+0.1%		
Price	–8.7%	–1.9%			–4.9%	–2.1%		
Currency	–4.9%	–2.1%			–2.2%	–2.3%		
Portfolio	0.0%	0.0%			–1.6%	0.0%		
Sales by region								
Europe/Middle East/Africa	610	570	–6.6	–11.2	4,668	4,521	–3.1	–0.3
North America	1,946	2,014	+3.5	+1.9	9,135	9,268	+1.5	+1.5
Asia/Pacific	567	650	+14.6	+14.9	2,287	2,219	–3.0	–0.6
Latin America	2,507	2,151	–14.2	–7.1	7,180	6,251	–12.9	–8.1
EBITDA[1]	**1,088**	**788**	**–27.6**		**4,968**	**3,966**	**–20.2**	
Special items[1]	18	(129)			(70)	(359)		
EBITDA before special items[1]	**1,070**	**917**	**–14.3**		**5,038**	**4,325**	**–14.2**	
EBITDA margin before special items[1]	19.0%	17.0%			21.7%	19.4%		
EBIT[1]	**975**	**(170)**	**.**		**(3,486)**	**(2,756)**	**.**	
Special items[1]	579	(409)			(6,034)	(4,416)		
EBIT before special items[1]	**396**	**239**	**–39.6**		**2,548**	**1,660**	**–34.9**	
Net cash provided by operating activities	**3,535**	**3,651**	**+3.3**		**1,850**	**3,197**	**+72.8**	
Cash flow-relevant capital expenditures	468	402	–14.1		1,268	1,162	–8.4	
Research and development expenses[2]	247	717	+190.3		1,896	2,611	+37.7	

Fx & p adj. = currency- and portfolio-adjusted
[1] For definition see A 2.3 "Alternative Performance Measures Used by the Bayer Group."
[2] After special items and depreciation/amortization/impairments

Sales

Sales at Crop Science decreased by 2.0% (Fx & portfolio adj.) to €22,259 million in 2024 amid a challenging market environment. Business was primarily impacted by lower prices in the crop protection business driven by competitive pricing pressure. Lower volumes in seeds and traits due to lower planted area were offset by volume growth in crop protection. Sales in Latin America were down due to lower planted corn area and reduced crop protection prices. North America delivered higher sales driven by higher crop protection volumes and soybean planted area, partially offset by lower corn planted area.

[10] Source: Bayer's estimate (as of January 2025), plus various local sources; currency-adjusted

A 2.2.2/2

Sales by Strategic Business Entity

€ million	Q4 2023	Q4 2024	Change (%)[1] Reported	Change (%)[1] Fx & p adj.	2023	2024	Change (%)[1] Reported	Change (%)[1] Fx & p adj.
Crop Science	**5,630**	**5,385**	**–4.4**	**–2.3**	**23,270**	**22,259**	**–4.3**	**–2.0**
Corn Seed & Traits	1,522	1,454	–4.5	–2.6	6,857	6,559	–4.3	–2.5
Herbicides	1,388	1,314	–5.3	–7.7	5,926	5,468	–7.7	–6.8
of which glyphosate-based products[2]	784	615	–21.6	–19.2	2,862	2,647	–7.5	–5.7
Fungicides	880	786	–10.7	–6.4	3,444	3,157	–8.3	–4.6
Soybean Seed & Traits	836	767	–8.3	–0.4	2,571	2,475	–3.7	+1.4
Insecticides	416	431	+3.6	+7.9	1,596	1,640	+2.8	+6.5
Cotton Seed	131	159	+21.4	+27.0	575	585	+1.7	+3.0
Vegetable Seeds	203	213	+4.9	+5.2	735	772	+5.0	+6.8
Other	254	261	+2.8	+0.5	1,566	1,603	+2.4	+3.3

Fx & p adj. = currency- and portfolio-adjusted

[1] For definition see A 2.3 “Alternative Performance Measures Used by the Bayer Group.”

[2] As of 2024, our business with glyphosate-based products is for the first time being reported separately within the Herbicides strategic business entity; the prior-year figures are likewise shown separately.

// Sales at **Corn Seed & Traits** were down slightly, with planted area declining in Latin and North America in particular. By contrast, business was up significantly in the Europe/Middle East/Africa region.
// In the **Herbicides** business, our non-glyphosate-based products saw a decline in volumes that was primarily attributable to increased competitive pressure in the Europe/Middle East/Africa region. Sales of our glyphosate-based products were impacted by significantly lower market prices year on year, especially in Latin America. However, this effect was partially offset by substantially higher volumes that were driven by higher demand in North America and Europe/Middle East/Africa.
// Sales at **Fungicides** were down, with business primarily impacted by price declines in Latin America and by lower volumes in the Europe/Middle East/Africa region amid adverse weather and market conditions.
// At **Soybean Seed & Traits**, we posted a slight increase in sales that was mainly driven by higher volumes in North America due to higher planted area.
// Our **Insecticides** business reported gains that were largely due to higher Movento™ sales in the Europe/Middle East/Africa region and a significant increase in volumes in Latin America.
// Sales at **Cotton Seed** were up, mainly thanks to volume increases in the Asia/Pacific region due to higher planted area.
// Business at **Vegetable Seeds** developed positively due to price increases in all regions.
// Sales in the reporting unit “**Other**” increased slightly, mainly thanks to market share growth in North America oilseeds.

Earnings

EBITDA before special items at Crop Science decreased by 14.2% to €4,325 million in 2024 (2023: €5,038 million), mainly due to significant price declines in our crop protection business. Earnings were also impacted by the aforementioned STI effect as well as inflationary cost increases, whereas the cost of goods sold improved due to efficiencies, especially for our crop protection products. There was a positive currency effect of €37 million (2023: €103 million). The EBITDA margin before special items declined by 2.3 percentage points to 19.4%.

EBIT came in at minus €2,756 million in 2024 (2023: minus €3,486 million) after net special charges of €4,416 million (2023: €6,034 million) that primarily related to impairment losses. There were impairment losses of €3,267 million on goodwill, largely due to the weaker-than-anticipated development of the agricultural market. Impairment losses were also recorded in the Cotton Seed, Soybean Seed & Traits and glyphosate cash-generating units. The €510 million impairment loss for Cotton Seed was largely due to a deterioration in anticipated business prospects, while the €313 million impairment loss for Soybean Seed & Traits was primarily attributable to negative currency effects, especially in Brazil. The €213 million impairment loss for glyphosate concerned assets relating to the sourcing of raw materials used in the production of glyphosate that were assessed individually as part of regular impairment testing.

In addition, an impairment loss reversal of €246 million was recognized in the Corn Seed & Traits cash-generating unit, mainly due to reduced cost expectations and positive currency effects.

A 2.2.2/3

Special Items[1] Crop Science

€ million	EBIT Q4 2023	EBIT Q4 2024	EBIT 2023	EBIT 2024	EBITDA Q4 2023	EBITDA Q4 2024	EBITDA 2023	EBITDA 2024
Restructuring	(38)	(150)	(111)	(402)	(38)	(150)	(111)	(402)
Acquisition/integration	–	–	(18)	–	–	–	(18)	–
Divestments/closures	(4)	–	(21)	–	(4)	–	(21)	–
Litigation/legal risks	57	21	85	43	57	21	85	43
Impairment losses/loss reversals	561	(280)	(5,969)	(4,057)	(1)	–	(5)	–
Other	3	–	–	–	4	–	–	–
Total special items	**579**	**(409)**	**(6,034)**	**(4,416)**	**18**	**(129)**	**(70)**	**(359)**

[1] For definition see A 2.3 "Alternative Performance Measures Used by the Bayer Group."

Fourth quarter of 2024

Sales

Sales decreased by 2.3% (Fx & portfolio adj.) to €5,385 million in the fourth quarter amid a challenging market environment. We registered a decline in sales at **Corn Seed & Traits** that was largely attributable to decreased planted area in Latin America. Sales at **Herbicides** decreased, with a substantial decline for our glyphosate-based products that was due to demand returning to normal levels earlier in the year combined with lower prices. Business at **Fungicides** was down, primarily due to lower volumes and prices in Latin America. By contrast, we posted an increase in volumes in the Asia/Pacific region. Sales at **Soybean Seed & Traits** were level with the prior-year period. Our **Insecticides** business reported encouraging gains that were primarily driven by significantly higher volumes in Latin America. Sales at **Cotton Seed** rose by a double-digit percentage due to higher prices in Latin and North America as well as increased volumes in the Asia/Pacific region. Our **Vegetable Seeds** business generated higher sales in all regions, mainly driven by higher prices. Sales in the reporting unit **"Other"** were level with the prior-year period, with price increases offset by lower sales volumes.

Earnings

EBITDA before special items decreased by 14.3% to €917 million in the fourth quarter (Q4 2023: €1,070 million), primarily due to significant price declines in our crop protection business as well as the prior-year quarter including substantial insurance payouts in connection with Hurricane Ida. Earnings were also affected by increased expenses that were mainly due to inflationary impacts, whereas the cost of goods sold improved due to efficiencies. Additionally, there was a positive currency effect of €48 million (Q4 2023: €24 million). The EBITDA margin before special items declined by 2.0 percentage points to 17.0%.

EBIT declined to minus €170 million in the fourth quarter (Q4 2023: €975 million) after net special charges of €409 million (Q4 2023: net special gains of €579 million). The special charges related to the net impairment losses on intangible and tangible assets and were mainly attributable to the aforementioned effects in the Soybean Seed & Traits, glyphosate and Corn Seed & Traits cash-generating units.

Pharmaceuticals

Market

The pharmaceuticals market grew by around 8% in 2024[11]. The market has been experiencing a phase of recovery since at least the end of the COVID-19 pandemic, with focus having returned to preventing and treating diseases with the aid of existing and innovative products.

A 2.2.2/4

Key Data – Pharmaceuticals

			Change (%)[1]				Change (%)[1]	
€ million	Q4 2023	Q4 2024	Reported	Fx & p adj.	2023	2024	Reported	Fx & p adj.
Sales	**4,579**	**4,658**	**+1.7**	**+2.4**	**18,081**	**18,131**	**+0.3**	**+3.3**
Change in sales[1]								
Volume	+4.0%	0.0%			+0.8%	+1.1%		
Price	–2.3%	+2.4%			–1.2%	+2.2%		
Currency	–7.0%	–0.7%			–5.1%	–3.0%		
Portfolio	–0.4%	0.0%			–0.6%	0.0%		
Sales by region								
Europe/Middle East/Africa	1,866	1,737	–6.9	–7.2	7,198	7,053	–2.0	–0.8
North America	1,221	1,414	+15.8	+15.5	4,765	5,089	+6.8	+7.0
Asia/Pacific	1,252	1,247	–0.4	–0.5	5,143	4,945	–3.8	–0.5
Latin America	240	260	+8.3	+25.4	975	1,044	+7.1	+35.3
EBITDA[1]	**1,233**	**945**	**–23.4**		**5,021**	**4,344**	**–13.5**	
Special items[1]	(33)	(159)			(168)	(378)		
EBITDA before special items[1]	**1,266**	**1,104**	**–12.8**		**5,189**	**4,722**	**–9.0**	
EBITDA margin before special items[1]	27.6%	23.7%			28.7%	26.0%		
EBIT[1]	**935**	**110**	**–88.2**		**3,971**	**2,790**	**–29.7**	
Special items[1]	(87)	(355)			(224)	(578)		
EBIT before special items[1]	**1,022**	**465**	**–54.5**		**4,195**	**3,368**	**–19.7**	
Net cash provided by operating activities	**1,169**	**862**	**–26.3**		**3,409**	**3,995**	**+17.2**	
Cash flow-relevant capital expenditures	413	553	+33.9		1,064	1,175	+10.4	
Research and development expenses[2]	867	976	+12.6		3,327	3,366	+1.2	

Fx & p adj. = currency- and portfolio-adjusted
[1] For definition see A 2.3 “Alternative Performance Measures Used by the Bayer Group.”
[2] After special items and depreciation/amortization/impairments

Sales

At Pharmaceuticals, we increased sales by 3.3% (Fx & portfolio adj.) to €18,131 million in 2024. We registered significant gains for our new products Nubeqa™ and Kerendia™, and also posted continued sales growth for Eylea™ and our Radiology business. By contrast, business headwinds mainly related to declines for Xarelto™ due to patent expirations.

[11]Source: IQVIA Market Prognosis (as of September 2024); all rights reserved; currency-adjusted

A 2.2.2/5

Best-Selling Pharmaceuticals Products

			Change (%)[1]				Change (%)[1]	
€ million	Q4 2023	Q4 2024	Reported	Fx & p adj.	2023	2024	Reported	Fx & p adj.
Xarelto™	1,047	848	–19.0	–18.6	4,081	3,480	–14.7	–13.0
Eylea™	826	833	+0.8	+0.9	3,231	3,306	+2.3	+5.1
Nubeqa™	258	443	+71.7	+73.4	869	1,523	+75.3	+78.2
Mirena™/Kyleena™/Jaydess™	270	335	+24.1	+24.5	1,209	1,267	+4.8	+7.2
Adempas™	174	187	+7.5	+7.4	660	721	+9.2	+10.5
Kogenate™/Kovaltry™/Jivi™	181	167	–7.7	–6.7	738	687	–6.9	–4.9
YAZ™/Yasmin™/Yasminelle™	166	156	–6.0	–6.9	670	658	–1.8	+4.6
Aspirin™ Cardio	164	174	+6.1	+7.2	626	634	+1.3	+7.2
CT Fluid Delivery[2]	140	147	+5.0	+5.2	518	562	+8.5	+9.3
Ultravist™	116	130	+12.1	+23.4	474	490	+3.4	+15.6
Adalat™	128	127	–0.8	–1.1	563	489	–13.1	–11.1
Kerendia™	85	137	+61.2	+62.0	270	463	+71.5	+73.9
Stivarga™	119	112	–5.9	–5.1	523	463	–11.5	–8.6
Gadovist™ product family	110	114	+3.6	+4.1	463	428	–7.6	–2.6
Betaferon™/Betaseron™	57	48	–15.8	–16.7	232	192	–17.2	–16.3
Total best-selling products	**3,841**	**3,958**	**+3.0**	**+3.8**	**15,127**	**15,363**	**+1.6**	**+4.5**
Proportion of Pharmaceuticals sales	84%	85%			84%	85%		

Fx & p adj. = currency- and portfolio-adjusted

[1] For definition see A 2.3 “Alternative Performance Measures Used by the Bayer Group.”

[2] 2023 figures restated; CT Fluid Delivery comprises injection systems marketed primarily as part of the Stellant™ product family.

// As expected, sales of our oral anticoagulant **Xarelto™** decreased markedly as a result of competitive pressure from generics, especially in Europe and Canada. Our license revenues – recognized as sales – in the United States, where Xarelto™ is marketed by a subsidiary of Johnson & Johnson, came in at the prior-year level.

// We registered encouraging sales growth for our ophthalmology drug **Eylea™** thanks to higher volumes and prices. Business was up in a number of areas, including Europe and Canada. The launch of Eylea™ 8 mg offering longer treatment intervals provided a boost to sales, especially in Japan and Europe.

// Sales of our cancer drug **Nubeqa™** rose significantly, with gains in all regions. The product therefore maintained its growth momentum, especially in the United States and Europe, with strong increases in volumes.

// We also achieved considerable gains for **Kerendia™**, our product for the treatment of patients with chronic kidney disease associated with type 2 diabetes, mainly thanks to a substantial rise in volumes in the United States. The expansion of business in China also contributed to the positive development.

// The strong increase in sales of our long-term contraceptives in the **Mirena™** product family was largely driven by higher prices in the United States.

// Sales of our pulmonary hypertension treatment **Adempas™** rose by a double-digit percentage, with increases in both volumes and prices, especially in the United States. As in the past, sales reflected the proportionate recognition of the upfront and milestone payments resulting from the sGC collaboration with Merck & Co., United States.

// Sales of our **Kogenate™/Kovaltry™/Jivi™** blood-clotting medicines declined, largely due to lower volumes in the United States, China and Europe as a result of competitive pressure.

// We recorded an increase in business with **Aspirin™ Cardio**, our product for the secondary prevention of heart attacks, that was mainly driven by higher prices.

// The substantial sales decline for **Adalat™**, our product for the treatment of hypertension and coronary heart disease, was primarily attributable to lower volumes in China.

// We also registered significant declines for our cancer drug **Stivarga™** that were mainly due to lower volumes in the United States and China.

// We again registered a very strong performance in our Radiology business, with gains for **CT Fluid Delivery** and **Ultravist™** driven by increased volumes and prices.

Earnings

EBITDA before special items came in at €4,722 million in 2024 (2023: €5,189 million). The 9.0% decline against the prior year was mainly due to a negative currency effect of €491 million (2023: €221 million).

Due to the significant improvement in target attainment versus the prior year, we incurred a corresponding increase in STI expenses. Earnings were also impacted by shifts in the product mix, reflecting declines for Xarelto™ and higher sales for Nubeqa™ and Eylea™ in particular, along with the related increase in license fees. In addition, we recorded increased costs in connection with litigations that mainly related to Xarelto™ patents. Furthermore, the prior year had benefited from proceeds from the sale of non-core businesses. We were able to partially offset these effects thanks to lower expenses for projects in advanced clinical development and decreased selling expenses for our more mature products, while simultaneously increasing investments in early-stage research as well as in cell and gene therapy and chemoproteomics technologies. The EBITDA margin before special items declined by 2.7 percentage points to 26.0%.

EBIT at Pharmaceuticals decreased by a substantial 29.7% to €2,790 million (2023: €3,971 million) after net special charges of €578 million (2023: €224 million) that were mainly attributable to ongoing restructuring projects and impairment losses on intangible assets. These impairment losses arose as part of the regular annual impairment testing conducted in the fourth quarter and related to increased development costs and regulatory uncertainties. By contrast, special gains primarily arose from the measurement of contingent considerations at fair value.

A 2.2.2/6

Special Items[1] Pharmaceuticals

€ million	EBIT Q4 2023	EBIT Q4 2024	EBIT 2023	EBIT 2024	EBITDA Q4 2023	EBITDA Q4 2024	EBITDA 2023	EBITDA 2024
Restructuring	(15)	(224)	(195)	(520)	(15)	(224)	(193)	(516)
Divestments/closures	6	(10)	(22)	(11)	6	(10)	(22)	(11)
Litigation/legal risks	1	1	(14)	15	1	1	(14)	15
Impairment losses/loss reversals	(54)	(196)	(54)	(196)	–	–	–	–
Other	(25)	74	61	134	(25)	74	61	134
Total special items	**(87)**	**(355)**	**(224)**	**(578)**	**(33)**	**(159)**	**(168)**	**(378)**

[1] For definition see A 2.3 “Alternative Performance Measures Used by the Bayer Group.”

Fourth quarter of 2024

Sales

At Pharmaceuticals, we increased sales by 2.4% (Fx & portfolio adj.) to €4,658 million in the fourth quarter. We registered significant gains for our new products Nubeqa™ and Kerendia™, and also posted strong growth for the Mirena™ product family and our Radiology business. By contrast, business headwinds mainly related to declines for Xarelto™ due to patent expirations.

As expected, **Xarelto™** sales declined significantly due to competitive pressure from generics, especially in Europe. **Eylea™** sales were on par with the prior-year period, with higher prices almost fully offsetting shifts in demand. **Nubeqa™** sales increased significantly, with gains in all regions. Higher volumes in the United States and Europe had a particularly positive impact on business. **Kerendia™** sales also advanced substantially, especially in the United States and China. We also posted strong gains for **the Mirena™** product family and for **Adempas™**, mainly driven by business in the United States. Sales of **Kogenate™/Kovaltry™/Jivi™** fell as a result of competitive pressure, particularly in China and Europe. We also recorded sales declines for **YAZ™/Yasmin™/Yasminelle™** that were predominantly due to lower volumes in China. By contrast, **Aspirin™ Cardio** sales increased, mainly thanks to gains in China. Our Radiology business, which includes **CT Fluid Delivery, Ultravist™** and **Gadovist™**, increased sales by a double-digit percentage as a result of higher volumes and prices.

Earnings

EBITDA before special items declined by 12.8% to €1,104 million in the fourth quarter (Q4 2023: €1,266 million), mainly due to the aforementioned STI effect relating to the better-than-expected business performance. Earnings were also impacted by a negative currency effect of €80 million (2023: €128 million) as well as shifts in the product mix, reflecting declines for Xarelto™ and higher sales for Nubeqa™ and Eylea™ in particular, along with the related increase in license fees. In addition, the prior-year quarter had benefited from proceeds from the sale of non-core businesses. By contrast, we recorded lower expenses for projects in advanced clinical development, which more than offset higher investments in early-stage research and our cell and gene therapy and chemoproteomics technologies. The EBITDA margin before special items declined by 3.9 percentage points to 23.7%.

EBIT at Pharmaceuticals decreased by a substantial 88.2% to €110 million (Q4 2023: €935 million) after net special charges of €355 million (2023: €87 million) that were mainly attributable to ongoing restructuring projects and impairment losses on intangible assets. These impairment losses arose as part of the regular annual impairment testing conducted in the fourth quarter and related to increased development costs and regulatory uncertainties. By contrast, special gains primarily arose from the measurement of contingent considerations at fair value.

Consumer Health

Market

The global consumer health market grew by around 5%[12] in 2024, mainly due to strong growth in Europe and Latin America. All major categories experienced growth, led by dermatology and digestive health. Overall, market dynamics continued to be shaped by price increases.

A 2.2.2/7

Key Data – Consumer Health

			Change (%)[1]				Change (%)[1]	
€ million	Q4 2023	Q4 2024	Reported	Fx & p adj.	2023	2024	Reported	Fx & p adj.
Sales	**1,578**	**1,567**	**–0.7**	**–0.9**	**6,027**	**5,870**	**–2.6**	**+1.9**
Change in sales[1]								
Volume	+3.0%	–4.0%			–2.9%	–5.5%		
Price	+11.1%	+3.1%			+9.2%	+7.4%		
Currency	–10.3%	+0.2%			–6.9%	–4.4%		
Portfolio	–0.3%	0.0%			–0.3%	–0.1%		
Sales by region								
Europe/Middle East/Africa	535	545	+1.9	+1.2	1,967	2,065	+5.0	+7.5
North America	624	566	–9.3	–9.8	2,352	2,119	–9.9	–9.4
Asia/Pacific	247	259	+4.9	+4.2	938	907	–3.3	–1.7
Latin America	172	197	+14.5	+17.6	770	779	+1.2	+26.9
EBITDA[1]	**362**	**343**	**–5.2**		**1,368**	**1,264**	**–7.6**	
Special items[1]	(22)	(18)			(43)	(102)		
EBITDA before special items[1]	**384**	**361**	**–6.0**		**1,411**	**1,366**	**–3.2**	
EBITDA margin before special items[1]	24.3%	23.0%			23.4%	23.3%		
EBIT[1]	**424**	**442**	**+4.2**		**1,158**	**1,028**	**–11.2**	
Special items[1]	131	184			110	59		
EBIT before special items[1]	**293**	**258**	**–11.9**		**1,048**	**969**	**–7.5**	
Net cash provided by operating activities	**443**	**366**	**–17.4**		**951**	**921**	**–3.2**	
Cash flow-relevant capital expenditures	53	73	+37.7		142	187	+31.7	
Research and development expenses	65	72	+10.8		224	254	+13.4	

Fx & p adj. = currency- and portfolio-adjusted

[1] For definition see A 2.3 “Alternative Performance Measures Used by the Bayer Group.”

[12] Source: Bayer’s estimate (as of November/December 2024), taking into account external sources; currency-adjusted

Sales

Consumer Health registered a slight increase in sales of 1.9% (Fx & portfolio adj.) to €5,870 million in 2024 against a strong prior year, with gains in almost all categories. Sales increased substantially at Digestive Health, partly thanks to a normalized supply situation, and at Dermatology, primarily due to continued strong demand for Bepanthen™. By contrast, we registered considerable declines in the Allergy & Cold business against a strong prior year, driven by a weaker season and inventory optimization by our customers in North America.

A 2.2.2/8

Sales by Category

			Change (%)[1]				Change (%)[1]	
€ million	Q4 2023	Q4 2024	Reported	Fx & p adj.	2023	2024	Reported	Fx & p adj.
Consumer Health	**1,578**	**1,567**	**–0.7**	**–0.9**	**6,027**	**5,870**	**–2.6**	**+1.9**
Nutritionals	375	358	–4.5	–4.3	1,432	1,375	–4.0	+2.6
Allergy & Cold	388	337	–13.1	–12.7	1,433	1,252	–12.6	–11.5
Dermatology	345	370	+7.2	+8.1	1,352	1,438	+6.4	+9.7
Pain & Cardio	217	236	+8.8	+6.5	873	830	–4.9	+6.7
Digestive Health	240	254	+5.8	+5.7	878	938	+6.8	+8.2
Other	13	12	–7.7	–33.8	59	37	–37.3	–27.7

Fx & p adj. = currency- and portfolio-adjusted
[1] For definition see A 2.3 “Alternative Performance Measures Used by the Bayer Group.”

// Sales in the **Europe/Middle East/Africa** region showed strong growth, rising 7.5% (Fx & portfolio adj.) to €2,065 million. Business in the Digestive Health category grew significantly thanks to the normalized supply situation mentioned above. We also posted substantial gains at Dermatology and Nutritionals, primarily driven by continued strong demand for Bepanthen™ and Supradyn™, respectively. By contrast, sales at Allergy & Cold declined markedly against a strong prior year, mainly due to a weaker cold season.
// Sales in **North America** declined by a significant 9.4% (Fx & portfolio adj.) to €2,119 million, with business down in all categories. The aforementioned inventory optimization by our customers primarily impacted the Allergy & Cold and Pain & Cardio categories. Sales in the Allergy & Cold business were additionally weighed down by a weaker season. The Nutritionals category was impacted by the winding down of the Care/of direct-to-consumer nutritional supplements business in the United States in mid-2024. The launch of Iberogast™ in the United States benefited sales at Digestive Health and partially offset declines for other products in the category.
// Sales in **Asia/Pacific** came in slightly below the prior-year level, falling 1.7% (Fx & portfolio adj.) to €907 million. A weaker market environment in China resulted in notable headwinds for the Nutritionals and Pain & Cardio categories. Sales also declined markedly in the Allergy & Cold business. By contrast, we registered strong gains at Dermatology, mainly driven by Bepanthen™ and product-line extensions for KangWang™.
// Sales in **Latin America** rose by 26.9% (Fx & portfolio adj.) to €779 million. The increase in business was mainly attributable to gains at Nutritionals, thanks to Supradyn™ and Redoxon™, and at Pain & Cardio, driven by Actron™ and the Aspirin™ product family.

Earnings

EBITDA before special items came in at €1,366 million in 2024 (2023: €1,411 million). The 3.2% decline against the prior year was mainly due to a negative currency effect of €46 million (2023: €133 million). Thanks to our continuous cost and price management efforts, we were able to offset an increase in the cost of goods sold and higher investments in marketing and developing our products. The EBITDA margin before special items came in at 23.3%, down 0.1 percentage points against the prior year.

EBIT at Consumer Health amounted to €1,028 million (2023: €1,158 million) after net special gains of €59 million (2023: €110 million). Special gains primarily related to impairment loss reversals for the Afrin™, KangWang™ and Aerius™ brands, while special charges arose in connection with restructuring and the aforementioned winding down of Care/of.

A 2.2.2/9

Special Items[1] Consumer Health

€ million	EBIT Q4 2023	EBIT Q4 2024	EBIT 2023	EBIT 2024	EBITDA Q4 2023	EBITDA Q4 2024	EBITDA 2023	EBITDA 2024
Restructuring	(22)	(22)	(43)	(104)	(22)	(22)	(43)	(104)
Divestments/closures	–	–	–	(43)	–	–	–	(2)
Impairment losses/loss reversals	153	202	153	202	–	–	–	–
Other	–	4	–	4	–	4	–	4
Total special items	**131**	**184**	**110**	**59**	**(22)**	**(18)**	**(43)**	**(102)**

[1] For definition see A 2.3 "Alternative Performance Measures Used by the Bayer Group."

Fourth quarter of 2024

Sales

Sales at Consumer Health came in at €1,567 million in the fourth quarter of 2024, and were therefore level (Fx & portfolio adj. –0.9%) with the strong prior-year period, which had benefited from an improved supply situation overall. We reported continued sales growth at Dermatology, primarily driven by KangWang™, Bepanthen™ and Priorin™. We also registered encouraging gains at Pain & Cardio, thanks to Actron™ and the Aspirin™ product family, and at Digestive Health, due to Iberogast™ and Talcid™. By contrast, sales of cough and cold products decreased markedly, with the main drivers including a weaker season in North America and declines in Europe/Middle East/Africa against the strong prior-year period. We also posted declines in our allergy business as well as in the Nutritionals category.

Earnings

EBITDA before special items declined by 6.0% to €361 million in the fourth quarter of 2024 (Q4 2023: €384 million). We were only partially able to offset an increase in the costs of goods through our continuous cost and price management efforts. There was a positive currency effect of €10 million (Q4 2023: negative currency effect of €41 million). The EBITDA margin before special items declined by 1.3 percentage points to 23.0%.

EBIT at Consumer Health came in at €442 million (Q4 2023: €424 million) after net special gains of €184 million (Q4 2023: €131 million) that primarily related to impairment loss reversals for the Afrin™, KangWang™ and Aerius™ brands. By contrast, there were special charges relating to restructuring.

2.2.3 Value-Based Performance

A 2.2.3/1

Value-Based Performance

	Crop Science		Pharmaceuticals		Consumer Health		Group[2]	
€ million	2023	2024	2023	2024	2023	2024	2023	2024
EBIT[1]	(3,486)	(2,756)	3,971	2,790	1,158	1,028	612	(71)
Income taxes[3]	837	661	(953)	(670)	(278)	(247)	(147)	17
NOPAT[1]	(2,649)	(2,095)	3,018	2,120	880	781	465	(54)
Average capital employed[1]	40,326	35,394	20,591	20,940	9,648	9,762	68,700	64,954
ROCE[1]	–6.6%	–5.9%	14.7%	10.1%	9.1%	8.0%	0.7%	–0.1%
WACC[1, 4]	5.7%	6.5%	5.7%	6.5%	5.7%	6.5%	5.7%	6.5%

[1] For definition see A 2.3 "Alternative Performance Measures Used by the Bayer Group."
[2] Including Reconciliation
[3] 24% on EBIT; based on historical average of tax rates
[4] At the divisional level, ROCE is compared with the WACC of the Bayer Group as we do not report WACC for the individual divisions.

Bayer's ROCE amounted to minus 0.1% in 2024 (2023: 0.7%) and was therefore significantly below the cost of capital (6.5%).

In the Crop Science Division, the decline in operating profit coupled with special charges relating to impairment losses and restructuring resulted in negative EBIT and ROCE. The average capital employed also decreased due to the impairment losses. However, since the special charges and average capital employed were lower than in the prior year, ROCE improved slightly in 2024.

At Pharmaceuticals, lower operating profit and higher special charges relating primarily to restructuring resulted in a decline in EBIT, thus yielding lower ROCE. The average capital employed at Pharmaceuticals was almost unchanged from the previous year.

At Consumer Health, the average capital employed was roughly at the prior-year level, while EBIT decreased due to a slight decline in operating profit and lower special gains. This resulted in a decline in ROCE.

The following overview shows the components of the average capital employed used in calculating ROCE.

A 2.2.3/2

Components of Capital Employed[1]

€ million	Dec. 31, 2023	Dec. 31, 2024
Goodwill	32,299	30,016
Other intangible assets	23,363	22,112
Property, plant and equipment	13,321	13,456
Other financial assets[2]	152	140
Inventories	13,947	13,467
Trade accounts receivable	9,343	8,966
Other receivables[2]	2,104	2,119
Deferred tax assets[2]	4,267	4,979
Claims for income tax refunds	1,442	1,480
Assets held for sale	51	22
Gross capital employed	**100,289**	**96,757**
Other provisions[2]	(10,733)	(10,921)
Trade accounts payable	(7,456)	(7,518)
Other liabilities[2]	(2,560)	(2,933)
Refund liabilities	(5,477)	(5,914)
Contract liabilities	(4,292)	(3,955)
Financial liabilities[2]	(2)	(18)
Deferred tax liabilities[2]	(650)	(673)
Income tax liabilities	(2,142)	(1,893)
Capital employed[1]	**66,977**	**62,932**
Average capital employed[1]	**68,700**	**64,954**

[1] For definition see A 2.3 “Alternative Performance Measures Used by the Bayer Group.”
[2] Selected items forming part of the line item in the statement of financial position; items that were predominantly non-interest-bearing or nonoperating in nature were eliminated from capital employed.

2.2.4 Asset and Financial Position of the Bayer Group

Financial management of the Bayer Group

The financial management of the Bayer Group is conducted centrally. Capital is a global resource, generally procured centrally and distributed within the Bayer Group. The foremost objectives of our financial management are to help bring about a sustained increase in corporate value and to ensure the Group’s liquidity and creditworthiness. This involves optimizing the capital structure and effectively managing risks. The management of currency, interest-rate, commodity-price and default risks helps to reduce the volatility of our earnings.

The contracted rating agencies assess Bayer as follows:

A 2.2.4/1

Rating

Rating agency	Long-term rating	Short-term rating	Outlook
S&P Global Ratings	BBB	A-2	stable
Moody's	Baa2	P-2	negative
Fitch Ratings	BBB	F2	stable

These investment grade ratings from all three agencies reflect the company's high solvency and ensure access to a broad investor base for financing purposes. We have the ambition to reduce our financial debt considerably, to increase profit and cash flow and to improve our current investment grade ratings toward the "A" category.

As a matter of principle, we pursue a prudent debt management strategy to ensure flexibility, drawing on a balanced financing portfolio. This is fundamentally based on bonds in various currencies, syndicated credit facilities, bilateral loan agreements and a global commercial paper program.

We use financial derivatives to hedge against risks arising from business operations or financial transactions but do not employ contracts in the absence of an underlying transaction. It is our policy to diminish default risks by selecting trading partners with a high credit standing. We closely monitor the execution of all transactions, which are conducted in accordance with Group-wide policies.

Liquidity and Capital Expenditures of the Bayer Group

A 2.2.4/2

Bayer Group Summary Statements of Cash Flows

€ million	Q4 2023	Q4 2024	2023	2024
Net cash provided by (used in) operating activities (total)	**5,607**	**4,997**	**5,117**	**7,368**
Net cash provided by (used in) investing activities (total)	**(3,885)**	**(1,294)**	**(3,517)**	**164**
Net cash provided by (used in) financing activities (total)	**(2,453)**	**(2,109)**	**(679)**	**(7,178)**
Change in cash and cash equivalents due to business activities	**(731)**	**1,594**	**921**	**354**
Cash and cash equivalents at beginning of period	**6,815**	**4,619**	**5,171**	**5,907**
Change due to exchange rate movements and to changes in scope of consolidation	(177)	(22)	(185)	(70)
Cash and cash equivalents at end of period	**5,907**	**6,191**	**5,907**	**6,191**

Net cash provided by operating activities

Net operating cash flow amounted to €7,368 million in 2024 (2023: 5,117 million). Payments to resolve proceedings in the litigations surrounding dicamba, Essure™ and particularly PCBs and glyphosate led to a net outflow of €461 million (2023: €2,089 million). That total comprised payments resulting from settlement agreements as well as court judgments. Net operating cash flow also included payments of €209 million (2023: €411 million) from banks from the transfer of trade receivables that were not yet due or settled by customers as of December 31, 2024.

Net cash provided by investing activities

Net cash provided by investing activities in 2024 amounted to €164 million (2023: net cash of €3,517 million was used in investing activities). The net cash inflow from current financial assets came to €2,558 million (2023: net cash outflow of €113 million). These cash inflows largely arose from the sale of investments in money market funds and were used to repay debt, among other things. Cash outflows for property, plant and equipment and intangible assets amounted to €2,778 million (2023: €2,751 million). Cash inflows from the sale of property, plant and equipment and other assets amounted to €295 million (2023: €215 million). This included inflows from the sale of product rights for Progynova™ and Cyclo-Progynova™ in Asia (€70 million), Androcur™ (€26 million) and Proctosedyl™ (€22 million), as well as from the sale of production facilities and office buildings at various sites. Outflows for acquisitions, less acquired cash, amounted to €184 million (2023: €662 million) and largely related to milestone payments in connection with the acquisition of US-based Asklepios BioPharmaceutical, Inc. (AskBio) and BlueRock Therapeutics LP, as well as the UK company Blackford Analysis Ltd.

Net cash used in financing activities

There was a net cash outflow of €7,178 million for financing activities (2023: €679 million). This figure included net debt repayments of €5,018 million (2023: net borrowings of €3,253 million). Net interest payments increased to €1,972 million (2023: €1,506 million). The Bayer Group paid out €131 million in dividends (2023: €2,379 million).

Free cash flow

Free cash flow (total), which is the total operating cash flow less capital expenditures plus interest and dividends received less interest paid, came in at €3,107 million in 2024 (2023: €1,311 million).

Capital expenditures

A 2.2.4/3

Cash Flow-Relevant Capital Expenditure for Property, Plant and Equipment and for Intangible Assets

€ million	2023	2024
Crop Science	1,268	1,162
Pharmaceuticals	1,064	1,175
Consumer Health	142	187
Reconciliation	277	254
Group[1]	**2,751**	**2,778**

[1] Group total including continuing and discontinued operations

Crop Science continuously invests in a variety of projects within its global production network for crop protection products and seeds as well as in research, development and digital transformation. The largest capital expenditure projects in 2024 included investments in the sourcing of an important raw material used in the production of glyphosate in Soda Springs, United States (around €82 million). Crop Science also invested in the expansion of research and development facilities at its site in Monheim, Germany (around €76 million), as well as in the expansion of fungicide production in Dormagen, Germany (around €35 million). Furthermore, an additional sum of around €7 million was invested in the expansion of corn seed production capacities in Pochuyki, Ukraine, in 2024. Alongside these projects, the development of digital solutions for our customers was a key investment in 2024 and will remain so in the coming years.

In 2024, the **Pharmaceuticals** Division's most significant investments in property, plant and equipment were directed toward cell and gene therapy research and production facilities across the United States, Spain, Germany, the United Kingdom and Canada, amounting to approximately €71 million. Additional key expenditures included modernization initiatives within the production network of the product supply organization at sites in Turku, Finland, as well as Leverkusen and Weimar, Germany, totalling around €58 million. Furthermore, €53 million was allocated for the development of a multi-purpose facility in Wuppertal, Germany, dedicated to active ingredient production. However, based on strategic evaluations of required production capacities, this project was stopped. In addition, €41 million was invested in constructing a new production facility for solid launch products in Leverkusen, Germany. Capital expenditures related to intangible assets were primarily associated with collaboration agreements and in-licensing activities, including €179 million for the active ingredient candidate elinzanetant (KaNDy Therapeutics Ltd.), €111 million for the active ingredient candidate acoramidis (Eidos Therapeutics Inc., BridgeBio International GmbH and BridgeBio Europe B.V.) and €49 million for the active ingredient candidate aficamten (Cytokinetics, Incorporated).

At approximately €24 million, **Consumer Health**'s largest investment in 2024 was again the good manufacturing practice (GMP) upgrade program across its global production sites. Further significant investments were made for the relocation of existing production facilities to a new site in Qidong, China (€14 million), as well as the plant expansion at the Lerma site in Mexico to facilitate the production of over-the-counter (OTC) nasal sprays and oral liquid products (€12 million).

A 2.2.4/4

Material Capital Expenditures for Property, Plant and Equipment

		2023	2024
Crop Science	Expansion of fungicide production capacities in Dormagen, Germany	Ongoing	Ongoing
	Expansion of research and development facilities in Monheim, Germany	Ongoing	Ongoing
	Expansion of research and development facilities in Petrolina, Brazil	Ongoing	Completed
	Sourcing of a raw material used in the production of glyphosate in Soda Springs, United States	Ongoing	Ongoing
	Implementation of sustainability measures in Soda Springs, United States	Ongoing	Ongoing
	Expansion of corn seed production capacities in Pochuyki, Ukraine	Ongoing	Ongoing
	Optimization of herbicide production at the site in Luling, United States	Ongoing	Completed
	Relocation of a production site in Hangzhou, China	Ongoing	Ongoing
	Construction of a production site to increase seed production capacities in Lusaka, Zambia	Initiated	Ongoing
Pharmaceuticals	Construction of research and production facilities for cell and gene therapies in various countries including the United States, Spain, Germany, Canada and the United Kingdom	Ongoing	Ongoing
	Modernization of production facilities at various sites across the production network (Leverkusen and Weimar, Germany; Turku, Finland)	Ongoing	Ongoing
	Construction of a new multi-purpose facility for active ingredient production in Wuppertal, Germany[1]	Ongoing	Completed
	Construction of a new production facility for solid launch products in Leverkusen, Germany	Ongoing	Ongoing
	Modernization of production facilities in Berlin, Germany, with a focus on the radiology portfolio and other parenteral products	Ongoing	Ongoing
	Integration of investigational drug production into the new production facility for launch products in Leverkusen, Germany	Ongoing	Ongoing
	Construction of a new production site in Costa Rica	Ongoing	Ongoing
	Production of active ingredient asundexian in Wuppertal and Bergkamen, Germany	Ongoing	Completed
	Construction of a sterile filling plant for launch products in Berlin, Germany	Ongoing	Completed
	Modernization of research facilities in Berlin, Germany	Ongoing	Completed
	Expansion of packaging capacities in Beijing, China	Ongoing	Completed
	Construction of a new research building (preclinical pharmacology) in Wuppertal (Aprath), Germany	Ongoing	Completed
	Collaboration agreements and in-licensing activities	Ongoing	Ongoing
Consumer Health	Upgrade of global production site facilities to new GMP standards	Ongoing	Ongoing
	Relocation of existing production facilities to a new site in Qidong, China	Initiated	Ongoing
	Expansion of production capacities in Lerma, Mexico	Initiated	Ongoing

[1] Based on strategic evaluations of required production capacities, the project was stopped.

Liquid assets and net financial debt

A 2.2.4/5

Net Financial Debt[1]

€ million	Dec. 31, 2023	Dec. 31, 2024	Change (%)
Bonds and notes	40,852	38,226	–6.4
of which hybrid bonds[2]	4,878	4,600	–5.7
Liabilities to banks[3]	784	1,223	+56.0
Lease liabilities	1,238	1,248	+0.8
Liabilities from derivatives[4]	217	67	–69.1
Other financial liabilities	1,915	47	–97.5
Receivables from derivatives[4]	(39)	(262)	.
Financial debt	**44,967**	**40,549**	**–9.8**
Cash and cash equivalents	(5,907)	(6,191)	+4.8
Current financial assets[5]	(4,562)	(1,732)	–62.0
Net financial debt[1]	**34,498**	**32,626**	**–5.4**

[1] For more information see A 2.3 "Alternative Performance Measures Used by the Bayer Group."
[2] Classified as debt according to IFRS
[3] Including both financial and nonfinancial liabilities
[4] Including the market values of interest-rate and currency hedges of recorded transactions
[5] Including short-term receivables with maturities between 3 and 12 months outstanding from banks and other companies as well as financial investments in debt and equity instruments that were recorded as current on first-time recognition

The Bayer Group's net financial debt decreased by €1.9 billion to €32.6 billion in 2024. Cash inflows from operating activities were partially offset by a negative currency effect of €1.1 billion, among other factors.

Financial debt included seven subordinated hybrid bonds with a total volume of €4.6 billion, 50% of which is treated as equity by three contracted rating agencies. As such, the hybrid bonds have a positive impact on the Group's rating-specific debt indicators.

In 2024, Bayer AG issued €750 million in new hybrid bonds with a maturity of 30 years (callable on September 13, 2029) and a coupon of 5.50%. The proceeds were partially used to repurchase hybrid bonds in the amount of €328 million maturing in 2079 (callable on February 12, 2025) before the first call date. In addition, hybrid bonds in the amount of €700 million maturing in 2074 (callable on July 1, 2024) were repurchased before the first call date.

In 2024, Bayer AG placed its first-ever bond on the Chinese capital market. Known as a Panda bond, the issuance has a volume of CNY 2 billion (€256 million), a maturity of two years and a coupon of 2.2%.

Furthermore, three bonds with a total volume of US$2.5 billion (€2.3 billion) and one bond with a volume of €1.5 billion were redeemed at maturity in 2024.

Other financial liabilities decreased, primarily due to the repayment of €1.8 billion in commercial paper.

Asset and Capital Structure of the Bayer Group

A 2.2.4/6

Bayer Group Summary Statements of Financial Position

€ million	Dec. 31, 2023	Dec. 31, 2024	Change (%)
Noncurrent assets	**78,703**	**76,406**	**–2.9**
Current assets	**37,556**	**34,444**	**–8.3**
Total assets	**116,259**	**110,850**	**–4.7**
Equity	**33,078**	**32,045**	**–3.1**
Noncurrent liabilities	53,724	49,853	–7.2
Current liabilities	29,457	28,952	–1.7
Liabilities	**83,181**	**78,805**	**–5.3**
Total equity and liabilities	**116,259**	**110,850**	**–4.7**

Between December 31, 2023, and December 31, 2024, total assets decreased by €5.4 billion to €110.9 billion.

// Noncurrent assets fell by €2.3 billion to €76.4 billion in 2024, primarily due to the impairment losses and impairment loss reversals recorded during the year (net effect of –€4.7 billion). By contrast, foreign currency effects impacting goodwill, intangible assets and property, plant and equipment had a positive impact (+€2.1 billion).
// Total current assets decreased by €3.1 billion to €34.4 billion, mainly due to a decline in other financial assets (–€2.6 billion, comprising –€2.2 billion relating to money market funds and –€0.7 billion to short-term deposits). There were also declines in inventories (–€0.5 billion) and trade accounts receivable (–€0.4 billion).
// Equity decreased by €1.0 billion during the year, to €32.0 billion. The main negative factors here included the negative income after income taxes (–€2.6 billion) as well as the dividend payment (–€0.1 billion), while positive factors included the currency translation of equity items (+€1.4 billion) and changes – recognized outside profit or loss – arising from the remeasurement of the net defined benefit liability (+€0.5 billion). The equity ratio rose to 28.9% (2023: 28.5%).
// Liabilities declined by €4.4 billion to €78.8 billion. This was mainly attributable to a decrease in financial liabilities (–€4.2 billion, comprising –€4.8 billion attributable to the redemption of bonds, –€1.8 billion to the repayment of commercial paper, +€1.0 billion to the issuance of new bonds, +€0.4 billion to the increase in liabilities to banks, and +€1.2 billion to currency effects relating primarily to US dollar-denominated bonds). Furthermore, provisions for pensions and other post-employment benefits decreased due to a positive change in plan assets (–€0.7 billion). Provisions for variable, performance-related one-time payments for employees increased (+€0.5 billion).

// Supply chain financing programs (also known as reverse factoring) are used in the Bayer Group that enable suppliers to choose to have individual invoices paid prior to their due date. As part of such programs, the supplier concludes a financing agreement with a bank or platform operator without Bayer's involvement and, upon request, is paid the invoice amount by the bank in advance less an interest component. Bayer generally pays the invoice amount to the bank when due; the payment deadlines lie within the usual scope for the industry. Bayer has assessed these programs based on various criteria and concluded that the associated liabilities retain the character of trade accounts payable. The related payments to the bank are therefore classified as a cash outflow from operating activities.

2.3 Alternative Performance Measures Used by the Bayer Group

The Combined Management Report and the Consolidated Financial Statements of the Bayer Group are prepared according to the applicable financial reporting standards. In addition to the disclosures and metrics these require, we also publish alternative performance measures (APMs) that are not defined or specified in these standards and for which there are no generally accepted reporting formats. We calculate APMs to enable a comparison of performance indicators over time and against those of other companies in its industry sectors. These APMs are calculated by making certain adjustments to items in the statement of financial position or the income statement prepared according to the applicable financial reporting standards. Such adjustments may result from differences in calculation or measurement methods, nonuniform business activities or special factors affecting the information value of these items. The APMs determined in this way apply to all periods and are used both internally for business management purposes and externally by analysts, investors and rating agencies to assess the company's performance. We determine the following APMs:

// Change in sales (reported, currency-adjusted, currency- and portfolio-adjusted)
// EBITDA
// EBITDA before special items
// EBITDA margin before special items
// EBIT
// EBIT before special items
// Clean depreciation and amortization
// Core earnings per share
// Net financial debt
// Return on capital employed (ROCE)
// Net operating profit after tax (NOPAT)
// Capital employed
// Weighted average cost of capital (WACC)
// Free cash flow
// Forecast key financial data

The **(reported) change in sales** is a relative indicator. It shows the percentage by which sales varied from the previous year.

The **currency-adjusted or currency- and portfolio-adjusted change in sales** shows the percentage change in sales excluding the impact of exchange rate effects and, in the latter case, disregarding material acquisitions and divestments as well. Exchange rate effects are generally calculated on the basis of the functional currency valid in the respective country. An exception existed in Argentina, primarily in our crop protection business, where the currency effect was calculated on the basis of the US dollar instead of the functional currency.

EBITDA (earnings before interest, taxes, depreciation and amortization) encompasses earnings before the financial result, taxes, depreciation and impairment losses / loss reversals on property, plant and equipment, impairment losses on goodwill, and amortization and impairment losses/ loss reversals on other intangible assets. This performance indicator neutralizes the effects of the financial result along with distortions of operational performance that result from divergent depreciation and amortization methods and the exercise of measurement discretion. EBITDA is EBIT plus the amortization of intangible assets and the depreciation of property, plant and equipment, plus impairment losses and minus impairment loss reversals, recognized in profit or loss during the reporting period.

EBIT (earnings before interest and taxes) serves to present a company's performance while eliminating the effects of differences between local taxation systems and different financing activities.

EBITDA before special items and **EBIT before special items** show the development of the operational business irrespective of the effects of special items, i.e., special effects for the Bayer Group with regard to their nature and magnitude. These may include acquisition costs, divestments, litigations, restructuring, integration costs, impairment losses and impairment loss reversals. In the calculation of EBIT before special items and EBITDA before special items, special charges are added and special gains subtracted. **Clean depreciation and amortization** exclude the effect of (corresponding) special items on the depreciation and amortization figures.

The **EBITDA margin before special items** is a relative indicator that we use for internal and external comparisons of operational earnings performance. It is the ratio of EBITDA before special items to net sales.

The APM **core earnings per share (core EPS)** from continuing operations is based on the concept of earnings per share (EPS) as defined in IAS 33.

Core EPS is calculated using the following method: Based on EBIT (as per the income statements), the special items, impairment losses on goodwill, amortization / impairment losses/ loss reversals on other intangible assets, impairment losses / loss reversals on property, plant and equipment and the accelerated depreciation included in special items are neutralized to determine **core EBIT**. This enables a comparison of performance over time. Core EBIT is reconciled to **core net income from continuing operations**. This is calculated by adding the core financial result to core EBIT. Special items in the financial result include nonrecurring financial expenses or income that are not part of our normal financing activities. These primarily pertain to changes in the fair value of equity instruments that are not held for medium- or long-term strategic purposes, as well as to nonrecurring financial expenses or income arising from acquisitions, divestments and litigations. Income taxes – net of special items – are then deducted from this figure to give core net income. Special items relating to income taxes include material effects from tax reforms, among other things.

Core EPS is then calculated by dividing core net income by the weighted average number of shares.

As core EPS is calculated for each interim reporting period, core EPS for the fiscal year or for each interim reporting period up to the respective closing date may deviate from the cumulated core EPS for the individual interim reporting periods.

Net financial debt is an important financial management indicator for the Bayer Group and is used both internally and externally in assessing its liquidity, capital structure and financial flexibility.

The **return on capital employed (ROCE)** measures the capital return over a specified period and is employed as a strategic indicator to evaluate value creation. It is the ratio of **net operating profit after taxes (NOPAT)** to the average **capital employed** in a fiscal year. NOPAT is calculated by subtracting income taxes from EBIT. Income taxes are calculated by multiplying EBIT by a uniform tax rate that is based on a historical average of tax rates.

The **capital employed** by Bayer is the total carrying amount of operational noncurrent and current assets, minus liabilities that are largely non-interest-bearing in character and/or would distort the capital base. An average value, calculated from the values at the end of the prior year and of the reporting year, is used to depict the change in capital employed during the reporting year.

The ROCE is compared to the **weighted average cost of capital (WACC)**, which is the return expected by the providers of equity and debt. If the ROCE exceeds the WACC, return expectations have been exceeded, indicating that value has been created.

The WACC is based on an after-tax approach and calculated at the start of the year as the weighted average of the equity and debt cost factors. The cost of equity is determined using the capital asset pricing model (CAPM), while the debt-capital cost factor is calculated based on the average returns of 10-year German federal bonds and credit spreads derived from the average returns on 10-year USD bonds issued by industrial companies. Further information on the segment-specific capital cost factors used in impairment testing is provided in Note [4] to B Consolidated Financial Statements.

Free cash flow (FCF) is an alternative performance measure that is based on the cash flow from operating activities under IAS 7. FCF illustrates the cash flows available for paying dividends and reducing debt as well as for investing in innovation and acquisitions. It is calculated by subtracting cash outflows for additions to property, plant and equipment and intangible assets from the cash flow from operating activities from continuing and discontinued operations, adding interest and dividends received along with interest received from interest-rate swaps, and deducting interest paid including interest-rate swaps.

The forward-looking key performance indicators published in the **forecast for key financial data** are based on data that is determined in the course of our planning process. The key financial data in the forecast is determined in accordance with the applied accounting policies and with the calculation models for alternative performance measures described in this chapter.

3. Report on Future Perspectives and on Opportunities and Risks

3.1 Future Perspectives

3.1.1 Economic Outlook

Global economy to see below-average growth again

Based on International Monetary Fund (IMF) data, we expect the global economy to again grow by a below-average, low single-digit percentage in 2025[13]. However, the growth prospects for the individual economies vary widely. Inflation is expected to fall further, although there is still a high level of uncertainty surrounding financial and economic policy in individual countries.

We expect the **global seed and crop protection** market to see moderate growth of between 0 and 2%[14] in 2025 (2024: –2%) amid continued market volatility, in particular in crop protection segments and in connection with geopolitical developments that may impact the industry. Prices for crop protection products, in particular glyphosate, are expected to further stabilize and increase in some segments due to rising production costs and channel normalization, although strong competition and generic pressure are expected to continue. Positive development is anticipated in the seeds and traits segments, driven by acreage increases in corn, particularly in Latin America, with further growth expected to come from vegetable seeds and cereals. The potential impacts of current geopolitical events and disruptions on aspects such as trade policy will require further analysis.

We expect the **pharmaceuticals market** to expand by approximately 8%[15] in 2025 (2024: +8%). Innovative products will likely continue to drive growth and more than offset losses due to the expiration of patents. In addition to the aforementioned macroeconomic uncertainties, healthcare reforms could also impact the pharmaceuticals market.

We expect **the consumer health market** to grow by 3 to 5%[16] in 2025, and therefore moderately lower than in 2024 (+5%), in part due to lower growth in prices. Growth will again be led by dermatology and digestive health. We expect a slight improvement in China and the United States in 2025 and steady but slightly lower growth in Europe and Latin America.

3.1.2 Corporate Outlook

The following forecast is based on the current business development and our internal planning.
To enhance the comparability of operational performance, we are also presenting this guidance on a currency-adjusted basis, applying the average monthly exchange rates from 2024.

Overall, it should be noted that a 1% appreciation (depreciation) of the euro against all other currencies would decrease (increase) sales by some €400 million on an annual basis.

[13] Source: International Monetary Fund (as of January 2025)
[14] Source: Bayer's estimate (as of January 2025), plus various local sources; currency-adjusted
[15] Source: IQVIA Market Prognosis (as of September 2024); all rights reserved; currency-adjusted
[16] Source: Bayer's estimate (as of November/December 2024), taking into account external sources; currency-adjusted

A 3.1.2/1

Forecast for 2025

	2024 figures		2025 currency-adjusted forecast		2025 forecast at closing rates on Dec. 31, 2024	
	€ billion	**Fx & p adj. change (%)**	**€ billion**	**Fx & p adj. change (%)**	**€ billion**	**Fx & p adj. change (%)**
Sales	**46.6**	**+0.7**	**45 to 47**	**–3 to +1**	**45 to 47**	**–3 to +1**
Crop Science	22.3	–2.0		–2 to +2		–2 to +2
Pharmaceuticals	18.1	+3.3		–4 to –1		–4 to –1
Consumer Health	5.9	+1.9		+2 to +5		+2 to +5
		Margin (%)		Margin (%)		Margin (%)
EBITDA before special items[1]	**10.1**	**21.7**	**9.5 to 10.0**		**9.3 to 9.8**	
Crop Science	4.3	19.4		18 to 20		17 to 19
Pharmaceuticals	4.7	26.0		23 to 26		22 to 25
Consumer Health	1.4	23.3		23 to 24		23 to 24
Financial result (core)[2]	**–1.9**		**–2.0 to –1.8**		**–2.0 to –1.8**	
Tax rate (core)[3]	**25.4%**		**24 to 26%**		**24 to 26%**	
Free cash flow[1]	**3.1**		**1.5 to 2.5**		**1.3 to 2.3**	
Net financial debt[1]	**32.6**		**31.0 to 32.0**		**31.2 to 32.2**	
Special items in EBIT	–5.5		–1.5 to –0.5		–1.5 to –0.5	
Special items in EBITDA	–1.4		–1.5 to –0.5		–1.5 to –0.5	
	€		€		€	
Core earnings per share[1]	**5.05**		**4.50 to 5.00**		**4.25 to 4.75**	

Fx & p adj. = currency- and portfolio-adjusted

[1] For definition see A 2.3 “Alternative Performance Measures Used by the Bayer Group.”

[2] Financial result before special items

[3] (Income taxes + special items in income taxes + tax effects on adjustments) / (core EBIT + financial result + special items in financial result)

Potential estimation risks regarding special charges in connection with litigations are referenced in A 3.2 Opportunity and Risk Report.

3.2 Opportunity and Risk Report

3.2.1 Group-wide Opportunity and Risk Management System

As a global life science enterprise, we are exposed to a wide range of internal and external developments and events that could significantly impact the achievement of our financial and nonfinancial objectives. Opportunity and risk management is therefore an integral part of corporate steering at Bayer. We regard opportunities as positive deviations, and risks as negative deviations, from projected or target values for potential future developments. We augment our risk definition process by also taking into account any potential adverse effects that our business operations could have on people and/or the environment.

Opportunity management system

As part of our annual planning activities, we identify opportunities by analyzing internal and external factors that may affect our business. These may be factors of a social, economic or environmental nature, for example. Our planning process involves a comprehensive analysis of the markets. We build on this by analyzing the respective market environments to identify opportunities. We use different time periods across our various planning activities since trends or developments may impact our business over the shorter or longer term. In addition, we identify and leverage opportunities as part of our regular business operations and through our daily monitoring of internal processes and markets. Depending on developments, factors affecting our business, such as market risks, may result in either risks or opportunities.

Risk management system

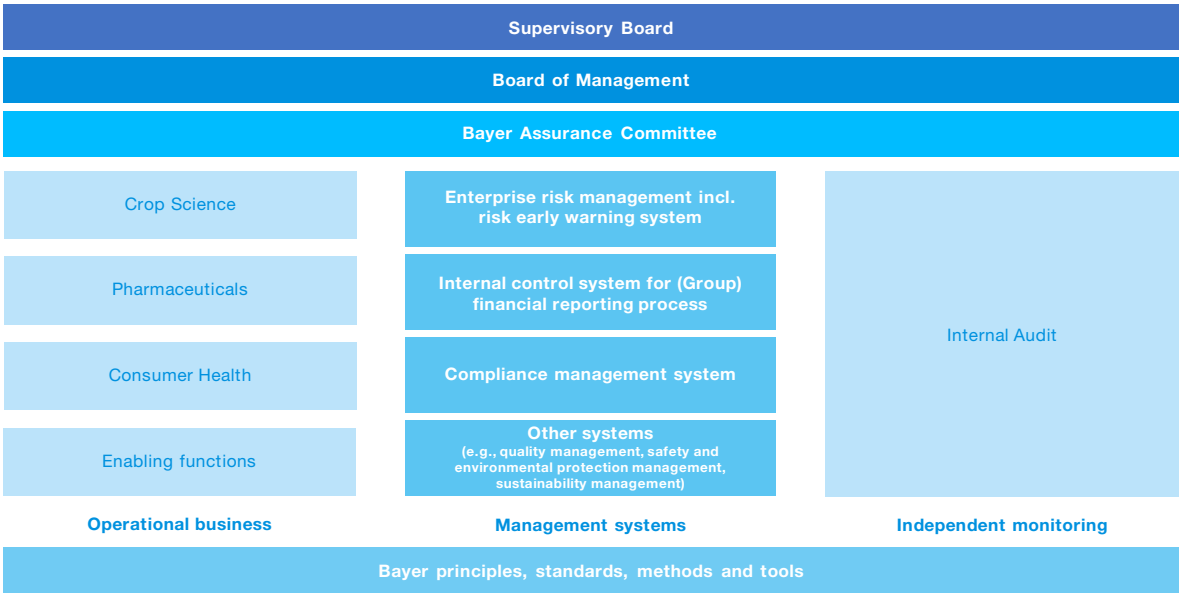
We have implemented a holistic and integrated risk management system designed to ensure the continued existence and future target attainment of the Group through the early identification, assessment and treatment of risks.

Our risk management system is oriented towards internationally recognized standards and principles such as the ISO 31000 risk management standard of the International Organization for Standardization, and is defined and implemented with the help of binding corporate policies.

Structure of Bayer's risk management system

A 3.2.1/1

Structure of the Risk Management System



The **Board of Management** of Bayer AG holds overall responsibility for maintaining an effective risk management system. It examines the appropriateness and effectiveness of the risk management system at least once a year, as does the Supervisory Board's Audit Committee. In addition, a corresponding report is provided to the full Supervisory Board.

The **Bayer Assurance Committee** is chaired by the Chief Financial Officer, with a second Board of Management member participating on a rotating basis. Besides ensuring that appropriate action is taken to control any substantial risks, the Bayer Assurance Committee regularly discusses and reviews the risk portfolio and the status of risk control measures.

Responsibility for the identification, assessment, treatment and reporting of risks lies with the **operational business units** in the divisions and enabling functions.

Enterprise risk management (ERM), including risk early warning system

Our enterprise risk management (ERM) system meets the requirement set out in Section 91, Paragraph 2 of the German Stock Corporation Act (AktG) that a risk early warning system be implemented and used to identify, at an early stage, developments that are material and/or could endanger the company's continued existence. It establishes a consistent framework and uniform standards for the risk early warning system throughout the Bayer Group.

The Enterprise Risk Management department within the Internal Audit & Risk Management enabling function steers and coordinates the ERM system. It provides overarching standards, methods and tools, is responsible for the risk early warning system, steers the annual ERM process and works on ensuring continuous monitoring and improvement. For further details, see Chapter 3.2.1 “Basic elements of the Bayer risk management system,” and specifically “ERM: risk management process” and “ERM: monitoring and improvement.” The ERM department also ensures reporting to the Bayer Assurance Committee, the Board of Management, the Supervisory Board and the Audit Committee of the Supervisory Board.

Internal control system for (Group) accounting and financial reporting

(Report pursuant to Section 289, Paragraph 4 and Section 315, Paragraph 4 of the German Commercial Code, HGB)

As part of the comprehensive risk management system, we have an internal control system over financial reporting (ICSOFR) in place for the (Group) accounting and financial reporting process. This system comprises suitable structures and workflows that are defined and implemented throughout the organization. The purpose of our ICSOFR is to ensure proper and effective accounting and (Group) financial reporting in accordance with the relevant reporting principles. The ICSOFR is designed to guarantee timely, uniform and accurate accounting for all business transactions based on applicable statutory regulations, accounting and financial reporting standards, and the internal Group policies that are binding for all consolidated companies. Risks are identified and assessed, and appropriate countermeasures are taken to mitigate them. Mandatory Group-wide standards such as system-based and manual reconciliation processes and functional separation have been derived from these frameworks and promulgated throughout the Bayer Group. These standards are implemented by the Bayer Group companies. Ensuring compliance with these standards is the responsibility of the respective management teams. However, it should be noted that, irrespective of its design, an internal control system cannot provide absolute assurance that material misstatements in the financial reporting will be avoided or identified.

Compliance management system

Trust serves as the foundation for our business activities and is crucial to our success. It requires a daily commitment to building awareness and ensuring compliance with laws, regulations and ethical principles. Integrity is central to our company culture and guides our actions. Our Code of Conduct serves as a guideline for maintaining compliance with all applicable legal requirements.

We have implemented an effective compliance management system (CMS) to promote and strengthen compliant conduct. The CMS is managed by a central compliance organization that is headed by our General Counsel in their role as Group Compliance Officer. In this function, the Group Compliance Officer reports directly to the Chief Financial Officer (CFO) and the Supervisory Board’s Audit Committee. The CFO is responsible for the compliance organization, while the Supervisory Board’s Audit Committee oversees the effectiveness and further development of compliance within the Group.

As part of the CMS, potential compliance risks are identified, assessed and recorded together with the operational functions. We use regulations, procedures, training courses and controls to integrate preventive measures into daily business activities. Training courses are mandatory, with our employees required to complete them on time. We also provide information, adequate resources and guidance to support all employees in acting with integrity and proactively avoiding potential violations.

Compliance with laws and company regulations is monitored as part of analyses and reviews conducted by the legal and compliance department as well as audits performed by Internal Audit. The heads of these organizations provide regular reports on the results to the Supervisory Board’s Audit Committee. Audits are planned according to a function- and risk-based approach.

We foster a culture of openness and transparency. We encourage employees and third parties to raise their concerns regarding compliance. They can use our global Speak Up Channel, which gives them the opportunity to report suspected compliance violations confidentially and, where permitted by local law, anonymously. They can also contact the compliance department directly via Speak.Up@Bayer.com. If employees believe an activity or behavior could represent a material compliance violation, they have an obligation to report this. We investigate and thoroughly clarify any potential violation. Confirmed violations are sanctioned according to our provisions on penalties. Depending on the severity of the compliance

violation, it can have disciplinary, civil or criminal consequences for the employees in question, including implications for their compensation.

The various elements of the CMS promote a positive compliance culture throughout our organization and help to ensure integrity in the day-to-day business activities of every employee.

Independent internal and external monitoring
The Internal Audit department conducts independent, risk-based and objective audit activities, employing a targeted and systematic approach to assess and to help to improve the effectiveness of corporate governance, risk management and monitoring processes. The tasks, powers and responsibilities of Internal Audit, as well as its position within the Bayer Group, are defined and established in the Internal Audit Charter. The department's management adheres to the mandatory elements of the International Standards for the Professional Practice of Internal Auditing of the Institute of Internal Auditors (IIA). The Chief Audit Executive (CAE) regularly reports to the Board of Management and the Audit Committee on Internal Audit's compliance with the code of ethics and the standards. The CAE also regularly reports to the Board of Management and Audit Committee on the results of the audit assignments, as well as, for example, on Internal Audit's quality assurance and improvement program. This includes aspects such as relevant results of internal and external assessments carried out at least once every five years by a qualified independent assessor. The most recent assessment was concluded in the fourth quarter of 2022, yielding the best results possible.

In addition, the fundamental suitability of the early warning system is assessed by the external auditor as an independent external body as part of its audit of the annual financial statements.

Basic elements of the Bayer risk management system

Objectives of the risk management system
The risk management system is largely aimed at protecting the Bayer Group against significant risks. We therefore place great emphasis on maintaining compliance with legal and regulatory requirements, ensuring proactive risk management, and promoting our risk culture.

All levels of the company are included in risk management in order to heighten the awareness and understanding of risks. This lays the foundation for a risk culture with independent, proactive and systematic risk management involving clearly defined roles and responsibilities, principles, standards, methods, tools and training measures. Building this risk culture and promoting proactive risk management are the basis for generating risk transparency around the material risks within the Group. The risk management system helps us deliver on our commitment to pursue opportunities while taking account of the related risks in our business decisions.

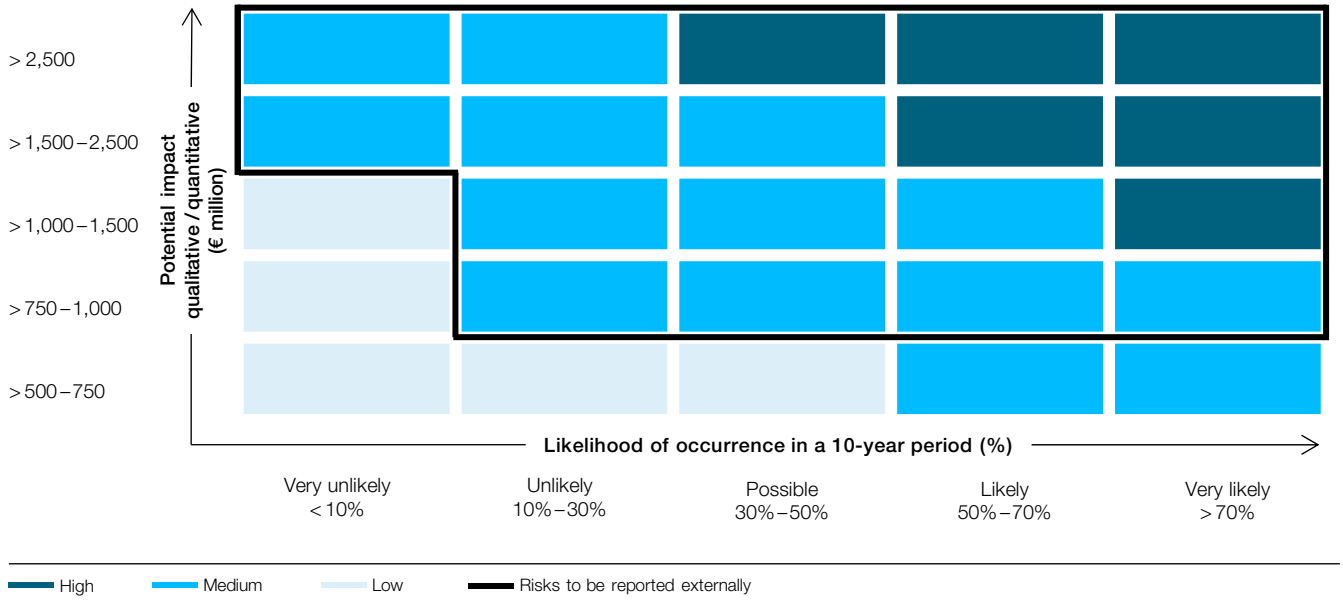
ERM: risk management process
The ERM risk management process is divided into the following steps: identification, assessment, treatment and reporting.

Identification: Risks are identified by risk owners in the divisions and enabling functions. To help ensure we identify risks as comprehensively as possible, we maintain a risk universe that reflects the company's potential risk categories. The Bayer Risk Universe, which is regularly updated, also expressly accounts for risks of a nonfinancial nature that are linked to our business activities or to our business relationships, products and services. Risks pursuant to the Corporate Social Responsibility Directive Implementation Act (CSR-RUG) that relate to environmental, employee and social issues, human rights, corruption and bribery (compliance) are included as well. Further information on the nonfinancial statement can be found in the "About this Report" section.

Assessment: Where possible, the identified risks are evaluated to determine their potential impact and likelihood of occurrence using the matrix below. While some of the ranges used in the matrix were increased compared to the previous year, the parameters for risks that need to be reported externally remained unchanged. Risks are assessed on a net basis, taking into account the risk control measures in place to mitigate the potential impact and/or likelihood of occurrence.

A 3.2.1/2

Risk Assessment Matrix



Risks are classified as high, medium or low when assessing their materiality within the overall risk portfolio. The extent of the impact is rated in quantitative and/or qualitative terms. The quantitative assessment reflects a potentially negative effect on cash flows, while the qualitative evaluation is based on criteria such as strategic impact, effects on our reputation, or potential loss of trust among stakeholder groups. The higher rating – qualitatively or quantitatively – determines the overall assessment. Where applicable, we take into account the potential impact on people and/or the environment as an additional criterion in our assessment. The likelihood of occurrence is calculated based on a maximum period of 10 years.

We aggregate risks to ensure the early detection of risks that could combine or correlate to potentially endanger our company's continued existence. Using methods such as Monte Carlo simulations, we estimate the potential aggregated impact that our main risks could have on our cash flow. We compare the resulting aggregated risk situation with the risk-bearing capacity approved by the Board of Management. The outcome of this comparison is factored into the Board of Management's overall assessment of the company's risk status.

Treatment: The risk owners decide on a target risk level based on a cost-benefit analysis and define a risk management strategy as well as risk management measures. These include risk avoidance, reduction, transfer and acceptance.

Reporting: The results are reported to the Bayer Assurance Committee by the Enterprise Risk Management department. In addition, new risks above a defined threshold are reported to Enterprise Risk Management on an ad-hoc basis and, if relevant, to the Bayer Assurance Committee. A report on the risk portfolio is submitted to the Board of Management and the Audit Committee of the Supervisory Board at least once a year.

ERM: monitoring and improvement

The Enterprise Risk Management department continuously evaluates whether the principles, standards, methods and tools are appropriate and up to date.

Assessment of the risk management and internal control systems pursuant to Section 91, Paragraph 3 of the German Stock Corporation Act (AktG)
The fundamental requirements for all management systems are based on the relevant international standards and practices. Controls and monitoring are generally performed as part of the respective management systems, focusing on the risks that need to be mitigated.

The Board of Management has defined and implemented a procedure to ensure compliance with the requirements pursuant to Section 91, Paragraph 3 of the German Stock Corporation Act (AktG) with regard to the risk management system and the internal control system. This procedure is regularly reviewed and further developed as required.

Accordingly, the Board of Management is focused particularly on the four management systems of enterprise risk management, internal control system for (Group) accounting and financial reporting processes, compliance, and internal audit. These four management systems form the core of our risk management and internal control systems.

For further information on the core management systems, see Chapter 3.2.1 and particularly “Enterprise risk management (ERM) including risk early warning system,” “ERM: risk management process” and “ERM: monitoring and improvement,” “Internal control system for (Group) accounting and financial reporting processes” and “Compliance management system,” as well as “Independent internal and external monitoring.”

These core management systems are regularly monitored and reviewed as part of audits within the respective management system and audits by Internal Audit and/or external auditors. The results of these reviews are regularly reported to the Board of Management.

The review by the Board of Management did not identify any relevant indications that, in their entirety, would call into question the appropriateness and effectiveness of these systems for 2024.

However, it is important to bear in mind that, irrespective of their design or evaluation, risk management and internal control systems cannot ensure with absolute certainty that all risks are identified before they materialize and that the envisaged controls detect all vulnerabilities.

3.2.2 Opportunity and Risk Status

In this section, we report on material, reportable risks pursuant to German Accounting Standard (DRS) No. 20. These include all financial and nonfinancial risks that have been classified as high or medium and are at least significant in terms of potential impact after taking into account the risk control measures in place (net risk). They encompass risks falling within the black outline in the rating matrix A 3.2.1/2. In addition, we report relevant risks that (from a financial point of view) may not be sufficiently or meaningfully assessable, if at all. We also report on the principal opportunities identified in the course of our opportunity management. Furthermore, we assess the probability that the effects of individual risks could change significantly during the forecast period. Our most recent evaluation did not find this to be case, with the following exception: Legal proceedings may generally involve substantial estimation risks. Against the background of the proceedings in the glyphosate matter and PCB matters, in particular, outcomes of mediation and/or the ongoing litigations may lead to adjustments of the provisions established in connection with these series of litigations. Such adjustments may materially impact the forecast issued with respect to the financial position and cash flows. See also Note [30] in B Consolidated Financial Statements.

Comparable risks existing in different divisions of the company are grouped together where applicable.

According to our understanding, risks relating to the aspects outlined in the CSR Directive Implementation Act (CSR-RUG) that would need to be reported separately would have to be classified as having the highest level of potential impact under the qualitative criterion “potential impact on people and/or the environment,” and additionally their likelihood of occurrence would have to be classified as “very likely.” We did not identify any risks that meet said criteria in 2024.

The section below details the individual risk categories that fall within the "Risks to be reported externally" area outlined in the risk matrix, as well as how they have been classified[17] and the divisions concerned. The order in which the risks are listed does not imply any order of importance. We also describe opportunities and risks of a division-specific nature where relevant. The divisions mentioned are those that have identified material risks. Other divisions may also be affected to a lesser extent. Material risks reported by enabling functions are categorized under "Group," although they may also affect the divisions.

Social and macroeconomic trends (High: Group; Medium: Crop Science)
Now more than ever, we see the risk of geopolitical shifts and tensions that may impact our global business. Competition between the United States and China, regional conflicts and an increasingly fragmented and polarized world order are challenging established economic paradigms and impeding capital expenditure decisions, supply chains and cross-border trade flows. While global trade remains highly interconnected, globalization is undergoing a period of major transition. Established principles that have applied for decades, such as the rules-based order for trade and supply chains prioritizing cost efficiency to facilitate just-in-time production, are increasingly being called into question. This may have ramifications for our business environment: Fragmentation in various areas (e.g. capital markets, technological standards) is causing many states to become increasingly focused on securing access to critical commodities and strategically important technologies. This is increasingly leading to the introduction of restrictive commercial measures or investment controls relating to critical infrastructure, which may impact us directly or indirectly. Geopolitical risks continue to relate primarily to Russia's war in Ukraine, as well as to the Middle East. We see both direct risks for our production in Ukraine and our customers, as well as indirect risks through the impact on our suppliers and supply chains (see also the "Supply of products" section). The impact of wars generally has the potential to significantly affect markets relevant to our business by, for example, impeding supply chains, pushing up energy and commodity prices, and giving rise to negative currency and economic effects. Such shifts could have a negative impact on our market environment. The geopolitical environment in which we operate is becoming increasingly harsh overall, which could also lead to increased attacks on critical infrastructure. We are preparing for these challenges with global and local operational crisis management, task forces and other interdisciplinary teams, as well as by diversifying our energy sources. In addition, we have set up a global geopolitics team in the Public Affairs department that consolidates our activities in this field.

The growing world population, coupled with rising food demand, gives rise to opportunities for our Crop Science Division. In addition, changing consumption patterns and increasing public awareness of the importance of healthy eating and sustainability, paired with new digital technologies, are generating new pools of value in the agriculture market. Therefore, while high-quality seeds and crop protection will remain at our core, we see opportunities to capture additional value by tapping new customer segments, sales platforms and digital capabilities and to drive regenerative agriculture.

Furthermore, the aging population gives rise to opportunities for our Pharmaceuticals Division, with the incidence of chronic diseases on the rise and an increasing number of patients suffering from multiple conditions affecting their quality of life. To address the growing demand for innovative healthcare products to treat age-related diseases, our Pharmaceuticals Division has streamlined its R&D activities toward precision medicine with a narrower therapeutic area focus but a wider range of modalities.

Moreover, a negative public perception of Bayer represents a risk. For example, modern agricultural methods, such as the application of certain classes of crop protection products and the use of biotechnology, are often the subject of intense public debate, which may adversely affect our reputation. The risk of an increasingly negative public debate that is not primarily based on science may, for example, lead to legislative and regulatory decisions that are unfavorable to our company, significantly limiting the use of our products or even resulting in voluntary or mandated product withdrawals. We are engaged in constant dialogue with interest groups and regulators to promote scientifically founded, rational and responsible discussions and decision-making processes.

[17] The classification pertains to the risks.

Furthermore, negative developments of a macroeconomic nature, such as crises in important sales markets for our company, could weigh on our business and reduce our earnings. Our seed and crop protection business in particular is cyclical and shaped by economic developments and factors, including fluctuating weather conditions and pest pressure that may adversely impact our Crop Science business. Forecasts concerning climate change indicate that these risks may possibly increase in the long term. We address these factors through our globally diversified business, flexible supply chain, comprehensive monitoring and assessment of market developments, and our ability to adjust production volumes to the level of demand forecast in sales and distribution planning.

Market developments (Medium: Crop Science)
In the Crop Science Division, we could face stronger competition in the seed and crop protection industry. The successful market launch of new generations of products is also partly dependent on external factors that we have only limited control over and that could have a negative impact. In addition, new competitors entering the market and aggressive marketing and pricing strategies – not only for generic products – could have a largely negative impact on our profitability and market position. Furthermore, increasing digitalization in the agriculture sector could lead to the rise of new players and alter the market – possibly to our disadvantage. To take account of these developments, we are realigning our business models, engaging in scientific and commercial partnerships, and utilizing our own R&D capabilities.

We see opportunities for our Pharmaceuticals Division. Scientific breakthroughs in fields such as cell and gene therapy and precision medicine have expanded the toolbox of innovative therapies. This provides opportunities to cure patients with the highest unmet needs or even prevent diseases in the first place. At the same time, data science and AI are leading to improved diagnostic methods, enabling diseases to be diagnosed and treated in a more targeted way.

Regulatory changes (High: Group; Medium: Crop Science, Pharmaceuticals)
Our business activity is subject to extensive regulations that continue to develop and may become more stringent, including in certain cases for reasons of a political nature. For example, further restrictions could be imposed on the sale and use of various crop protection products. In addition, approvals that have already been granted are currently being challenged and will likely continue to be challenged in court, especially by NGOs, potentially resulting in temporary or permanent revocation of product registrations or approvals and financial loss from reduced sales of crop protection products as well as associated seed offerings. Conserving biodiversity is one of the topics at hand in this respect, together with potential restrictions on the manufacture and use of certain chemical substances. Approval conditions may also become even more challenging for the Pharmaceuticals Division. In addition, the pricing of pharmaceutical products could become more strictly regulated – not only for products already exposed to generic competition, but also for innovative, patent-protected products. Residues of agrochemical products, pharmaceutical compounds or microplastics in the environment could also become subject to more stringent regulation. In addition, regulatory changes could affect agricultural imports from other parts of the world, potentially impacting our business in those regions. We also need to prepare for regulatory changes in the field of AI in the future. Regulatory changes could also cause uncertainty over our products' patent protection, potentially resulting in financial losses that may even include the repayment of license fees. Regulatory changes may also lead to higher product development costs and longer development times, or even necessitate adjustments to our product portfolio, which in turn may negatively impact our reputation.

We counter such risks by monitoring changes in regulatory requirements in order to adequately address them within the company. We pursue a global strategy that bundles our strong product portfolio and sustainability commitments, and leverages our global business presence. In addition, we deploy in-house R&D capacities, make acquisitions and enter into collaborations to adapt to such developments, and align our product portfolio to reflect anticipated changes. We also address these risks by engaging in dialogue with the authorities with the goal of promoting science-based decision-making, and by taking appropriate action to defend against challenges to product approvals.

Business strategy (Medium: Pharmaceuticals)

Our business strategy is geared toward innovation, which is inherently associated with risks. In our Pharmaceuticals Division, we see challenges in setting up new therapy platforms, such as for cell and gene therapy, and in further developing established therapeutic areas through innovative solutions. We may face negative financial repercussions and/or damage to our reputation, for example, if such risks were to materialize. We counter these risks by aligning our organization and our processes to addressing existing challenges.

Research and development (High: Pharmaceuticals)

Across our businesses, we see opportunities arising from our innovation capabilities – both in the continued development of our brands and in the expansion of our research pipeline. In the Pharmaceuticals Division, opportunities arise from data science and AI and associated new R&D methods that save time and enhance R&D productivity. In addition, new, unique screening technologies facilitate the identification of new lead structures to unlock previously undruggable targets, with the potential to develop new and innovative products. We also rely on networking, both within the company and with external partners, to boost our innovation capabilities. This stimulates the development of new products.

Technological advances in pharmaceutical product development may at the same time also represent a risk for our company should we not be in a position to play a role in shaping such advances. Securing access to new technologies and identifying a sufficient number of research candidates in general while also ensuring their appropriate development represents a particular challenge. Targeting in-licensing and acquisitions as additional ways to strengthen our company involves the risk that we may be unable to identify a sufficient number of suitable candidates on financially acceptable terms. We cannot ensure that all of the development candidates we currently have in our pipeline, or will have in the future, will be developed to the stage at which they are ready to be launched on the market, or that they will obtain their planned approval/registration or achieve commercial success. These goals may not be reached if, for example, we are unable to satisfy technical or capacity requirements or meet time constraints in product development, fail to achieve study objectives or do not allocate financial resources optimally. Delays or cost overruns may occur during product registration or launch. We counter this risk through holistic portfolio management, by estimating the probability of success and prioritizing development projects.

Thanks to our innovation capacities and budgets within the Crop Science Division, we anticipate that we will be able to leverage opportunities and effectively tackle the challenges faced in developing and introducing product solutions in agriculture, including longer and more costly development cycles or stricter regulatory requirements. We plan to further capitalize on the strengths of our R&D platform to deliver pioneering technologies faster. In addition, we will leverage our existing expertise and strategically invest in new capabilities to unlock and capture new market segments.

Supply of products (procurement, production, logistics) (High: Group; Medium: Crop Science, Pharmaceuticals)

Despite all precautions, operations at our sites may be disrupted by fires, power outages, process changeovers – including those due to restrictions on the use of certain chemical substances – or plant breakdowns, for example. In addition, some of our production facilities are located in areas that may be affected by natural disasters such as flooding or earthquakes. The materialization of any of these risks could lead to production disruptions or stoppages, result in personal injury and damage to our reputation, give rise to declines in sales and/or margins, and necessitate the reconstruction of damaged infrastructure. If we are unable to meet product demand, sales may undergo a structural decline because patients may in the meantime be receiving alternative treatments and may not switch back to our products. We address this risk for certain products by building up safety stocks and by spreading production across multiple sites, for example. Furthermore, an emergency response system based on a corresponding corporate policy has been implemented at all our production sites.

Disruptions in our upstream supply chain may also negatively impact our own supply capability. The substances we procure, and the companies that manufacture them, must meet all necessary regulatory requirements. These substances must also be suitable for fulfilling regulatory requirements further down the value chain. Certain materials, particularly in our Pharmaceuticals Division, are offered by only a small number of suppliers. We counter these risks by establishing relationships with alternative suppliers, concluding long-term agreements, expanding inventories and producing raw materials ourselves. Supplier risks are regularly reviewed and evaluated.

As a result of geopolitical risks and the international (supply chain) disruption they are causing, risks relating to the availability of necessary production materials and supply chain stability, for example, remain at a high level. See also the “Social and macroeconomic trends” section.

Marketing, sales and distribution (Medium: Pharmaceuticals)

New product launches present particular challenges for our marketing and distribution organization, since assumptions about aspects such as the market and market circumstances may not materialize as anticipated. As a result, product launch concepts – including those related to clinical trials – and the planning or implementation of the distribution strategy could turn out to be inefficient or inadequate in terms of scheduling and could ultimately present a risk for sales of our products. We address these risks by conducting a forward-looking analysis of possible scenarios and devising suitable strategies for projects such as planned product launches.

Human resources (Medium: Group)

Skilled and dedicated employees are essential for our company’s success. Difficulties in recruiting, hiring and retaining urgently needed specialized employees (on a regional level) – also in view of competition between employers – and in employee development could have significant adverse consequences for our company’s future development. Developments such as the growing relevance of disruptive technologies and the new operating model we are adopting, together with new ways of working, will require new, innovative skillsets from our employees. To counter these risks, we design appropriate employee recruitment and development measures based on our analysis of future requirements. In addition, we align our corporate culture toward diversity and employee needs based on data, analyses and insights, enabling us to tap the full potential of the labor market.

Information technology (High: Group)

Our business and production processes as well as our internal and external communications are dependent on global IT systems. Ensuring the optimal alignment of our IT architecture, which also encompasses the use of cloud-based services and management of any service providers commissioned, therefore represents a challenge. In this connection, the confidentiality, integrity and availability of internal and external information systems and data are of fundamental importance to us. If our governance structures fail to adequately address this challenging environment, our operational stability could negatively impact our business and our information security requirements may not be met adequately. If the risk of a breach of confidentiality, integrity or availability, for example due to (cyber) attacks, were to materialize, it could lead to the manipulation and/or uncontrolled outflow of data and knowledge, and to reputational damage. Such attacks may also be carried out by in-house personnel. Our business and/or production processes could also be temporarily disrupted by (cyber) attacks. To counter these risks, we evaluate and utilize new technologies. Processes and measures have also been implemented to keep technical security precautions up to date and proactively identify and examine new threats. In addition, security measures implemented by the Corporate Cyber Defense Center protect our IT infrastructure against unauthorized access.

Finance and tax (Medium: Group)

In the section below, we report on the relevant financial opportunities and risks for the Bayer Group in accordance with the provisions of IFRS 7, irrespective of whether they are required to be reported as part of our ERM system.

Liquidity risk

Liquidity risks are defined as the possible inability of the Bayer Group to meet current or future payment obligations. These include aspects such as uncertainties regarding future cash flows as well as difficulties in refinancing existing debts, and require strategies to ensure sufficient liquidity. Due to ongoing legal proceedings, there may be an unplanned increase in liquidity requirements for the Bayer Group, including at short notice.
Liquidity risks are determined and managed on a centralized basis by the Group Finance enabling function as part of our same-day and medium-term liquidity planning. We hold sufficient liquidity to ensure the fulfillment of all planned payment obligations throughout the Bayer Group at maturity. Furthermore, a reserve is maintained for unbudgeted shortfalls in cash receipts or unexpected disbursements, and its balance is regularly reviewed and adjusted. Credit facilities also exist with banks, including, in particular, an undrawn €5 billion syndicated revolving credit facility with a current maturity of 2029 plus two one-year extension options.

Credit risks

Credit risks arise from the possibility that the value of receivables or other financial assets of the Bayer Group may be impaired because counterparties cannot meet their payment or other performance obligations. The maximum default risk is reduced by existing collateral, especially our global credit insurance programs. To manage credit risks from trade receivables, each customer is appointed a credit manager who regularly analyses the customer's creditworthiness. Credit limits are set for all customers. We generally agree reservation of title with our customers. Credit risks from financial transactions are managed centrally in the Group Finance enabling function. To minimize risks, financial transactions are only conducted within predefined exposure limits and with banks and other partners that preferably have investment-grade ratings.

Opportunities and risks resulting from market price changes

Opportunities and risks resulting from fluctuations in currency exchange rates, interest rates and commodity prices are managed by the Group Finance enabling function. Risks are mitigated through the use of derivative financial instruments. The type and level of currency, interest-rate and commodity-price risks are determined using sensitivity analyses as per IFRS 7 that are based on hypothetical changes in risk variables (such as interest curves) to gauge the potential effects of market price fluctuations on equity and earnings.

Foreign currency opportunities and risks for our company arise from changes in exchange rates and the related changes in the value of financial instruments (including receivables and payables) and of anticipated payment receipts and disbursements not in the functional currency. Receivables and payables in liquid currencies from operating activities and financial items are generally fully exchange-hedged through cross-currency interest-rate swaps and forward exchange contracts. Anticipated exposure from planned payment receipts and disbursements in the future is hedged through forward exchange contracts and currency options according to management guidelines. Sensitivities were determined on the basis of a hypothetical scenario in which the euro appreciates or depreciates by 10% against all other currencies compared with the year-end exchange rates. In this scenario, the estimated hypothetical increase or decrease in cash flows from derivative and nonderivative financial instruments would have improved or diminished earnings as of December 31, 2024, by €30 million (December 31, 2023: €15 million).
Derivatives used to hedge anticipated currency exposure that are designated for hedge accounting would have improved or diminished equity (other comprehensive income) by €428 million (December 31, 2023: €474 million). Of this amount, €136 million is related to the Chinese renminbi (CNY), €101 million to the Brazilian real (BRL), €41 million to the Japanese yen (JPY) and €40 million to the Canadian dollar (CAD). Currency effects on anticipated exposure are not taken into account.

Interest-rate opportunities and risks for our company arise from changes in capital market interest rates, which could in turn lead to changes in the fair value of fixed-rate financial instruments and changes in interest payments in the case of floating-rate instruments. Interest-rate swaps are concluded to achieve the target structure for Bayer Group debt. A sensitivity analysis conducted on the basis of our net floating-rate receivables and payables position at the end of 2024 gave the following result: A hypothetical increase of one percentage point in these interest rates (assuming constant currency exchange rates) as of January 1, 2024, would have raised our interest expense for the year ended December 31, 2024, by €1 million (December 31, 2023: €4 million).

Commodity-price opportunities and risks arise from the volatility of raw material prices, which could lead to an increase in the prices we pay for seeds and energy. We reduce commodity-price risks by using commodity-price derivatives such as futures, which are mainly designated as hedge accounting. A sensitivity analysis with a hypothetical 10% change in commodity prices for derivatives used for hedging purposes indicated an effect of €53 million on equity (December 31, 2023: €58 million).

In addition, Bayer has a long-term structured renewable energy credit (REC) purchase agreement in place in the United States. Under the agreement, the company aims to secure 40% of its global and 60% of its US-purchased electricity demand out of renewable sources. The agreement contains a contract for difference that is separately accounted for as a derivative at fair value through profit or loss and is mainly affected by energy prices. A hypothetical 10% change in energy prices would have resulted in a gain of €55 million or a loss of €56 million, respectively, through profit or loss (December 31, 2023: gain of €54 million or a loss of €68 million).

Financial risks associated with pension obligations

The Bayer Group has obligations to current and former employees relating to pensions and other post-employment benefits. Changes in relevant measurement parameters such as interest rates, mortality and salary increase rates may raise the present value of our pension obligations. This may lead to increased costs for pension plans or diminish equity due to actuarial losses being recognized in other comprehensive income in the statement of comprehensive income. A large proportion of our pension and other post-employment benefit obligations is covered by plan assets, including fixed-income securities, shares, real estate and other investments. Declining or even negative returns on these investments may adversely affect the future fair value of plan assets. Both of these effects may negatively impact the development of equity and/or earnings, and/or may necessitate additional payments by our company. We mainly address the risk of market-related fluctuations in the fair value of our plan assets by employing a balanced strategic asset allocation and by constantly monitoring investment risks in regard to our global pension obligations.

Tax risks

Bayer AG and its subsidiaries operate worldwide and are thus subject to many different national tax laws and regulations. The companies are regularly audited by the tax authorities in the various countries where they are tax residents. Amendments to tax laws and regulations, legal judgments and their interpretation by the tax authorities, and the findings of tax audits in these countries may result in higher tax expense and payments, thus also influencing the level of tax receivables, tax liabilities and deferred tax assets and liabilities. Significant acquisitions, divestments, restructuring programs and other reorganizational measures that we undertake could also have a negative impact on such items. We counter the resulting risks by continuously identifying and evaluating the tax framework. We establish provisions for taxes, based on estimates, for liabilities to the tax authorities of the respective countries that are uncertain as to their amount and probability of occurrence.

Major programs (Medium: Group)

We are implementing Dynamic Shared Ownership, a realigned operating model aimed at significantly enhancing the Bayer Group's focus on our mission, accelerating the pace of innovation and more effectively harnessing our growth potential. In this connection, we face the challenge of ensuring that we can adequately leverage the benefits we expect to arise from this transformation. Please see the Group Strategy section of the Strategy and Targets chapter for details. In addition, our ambitious objectives to standardize IT processes and systems may take longer to implement than planned or may not be completely fulfilled. Materialization of these risks could result in consequences such as increased costs and/or disruptions in service continuity. We counter these risks by deploying dedicated teams and multipliers to drive forward these projects with the Board of Management's full backing.

External partner compliance (Medium: Group)

There is a risk that our partners, such as suppliers, do not pay due attention to our corporate values and requirements concerning ethics, compliance – including respect for human rights – and sustainability. Besides an adverse impact for rights-holders from a potential human rights violation as defined by the International Bill of Human Rights and the International Labor Organization's Declaration on Fundamental Principles and Rights at Work, as well as the financial consequences for Bayer, a materialization of those risks could also negatively impact our reputation and cause a supply interruption. To address these risks, we have clear sustainability criteria and standards in place for our supply chain on both a global and regional level. With the goal of improving sustainable practices in our supply chain, we operate a Group-wide, four-step management process that comprises the following elements: raising awareness, supplier selection, supplier evaluation and supplier development. We address the distinct human rights challenges in the seed supply chain by applying a separate human rights management process for seed producers.

Health, safety and environment (Medium: Group)

We attach great importance not only to product safety but also to protecting our employees and the environment, as well as to respecting human rights both within our own business operations and also in our business relationships along the value chain. Misconduct or noncompliance with legal requirements or Bayer Group standards may result in personal injury, damage to property, reputation or the environment, loss of production, business interruptions and/or liability for compensation payments. This also includes the obligation to remediate contamination, or risks concerning the observance of human rights and potential failure to address them adequately. We have put in place principles, standards and measures aimed at ensuring that our requirements are adequately communicated and optimally implemented.

Intellectual property (Medium: Crop Science, Pharmaceuticals)

Our portfolio largely consists of patent-protected products. Generic manufacturers in particular attempt to contest or circumvent patents prior to their expiration. We are currently involved in legal proceedings to enforce patent protection for our products. Conversely, legal action by third parties for alleged infringement of patent or other property rights by Bayer may impede or even halt the development or manufacturing of certain products. We may also be required to pay monetary damages or royalties to third parties. Our patents department regularly reviews the patent situation in collaboration with the respective operating units and monitors for potential patent infringements so that legal action can be taken if necessary.

Legal/compliance (Group)

We are exposed to risks from legal disputes or proceedings to which we are currently a party or which could arise in the future. See Note [30] to the Consolidated Financial Statements of the Bayer Group under "Legal risks." The legal risks described are those to which Bayer AG is exposed either directly or through subsidiaries. The legal proceedings outlined there are those currently considered to involve material risks and do not represent an exhaustive list. The general risks to which we are currently and/or potentially exposed include but are not limited to those in the areas of product liability, securities law, breach of contract, competition and antitrust law, anti-corruption law, patent law, tax law, data privacy, environmental protection and human rights. Investigations of possible legal or regulatory violations may result in the imposition of civil or criminal penalties – including substantial monetary fines – and/or other adverse financial consequences. Payments may also need to be made under out-of-court settlements or adverse court decisions. The materialization of any of these risks may harm our reputation and hamper our commercial success. We have established a global compliance management system to ensure the observance of laws and regulations.

Glyphosate matter

A large number of lawsuits from plaintiffs claiming to have been exposed to glyphosate-based products manufactured by Bayer's subsidiary Monsanto Company ("Monsanto") have been served upon Monsanto in the United States. Glyphosate is the active ingredient contained in a number of Monsanto's herbicides, including Roundup™-branded products. Plaintiffs allege personal injuries resulting from exposure to those products, including non-Hodgkin lymphoma (NHL) and multiple myeloma, and are seeking compensatory and punitive damages. The plaintiffs are claiming, inter alia, that the glyphosate-based herbicide products are defective and that Monsanto knew, or should have known, of the risks allegedly associated with such products and failed to adequately warn its users. Additional lawsuits are anticipated. The majority of plaintiffs have brought actions in state courts in Missouri.

As of January 31, 2025, Monsanto had reached settlements and/or was close to settling in a substantial number of claims. Of the approximately 181,000 claims in total, approximately 114,000 have been settled or are not eligible for various reasons.

As of January 31, 2025, there have been 27 Roundup™ trials concluded before both federal and state courts in California, Missouri, Oregon, Arkansas, Delaware, Illinois and Pennsylvania. In 17 of those trials, favorable outcomes were achieved on behalf of Monsanto, including 13 defense verdicts, one hung jury resulting in a mistrial, one mistrial based on plaintiff's motion, one directed verdict on behalf of Monsanto, and one dismissal of plaintiff's claims with prejudice mid-trial. In the other 10 trials, the plaintiffs were awarded compensatory damages and, in most cases, a multiple thereof in punitive damages. A few of these cases have been settled later, but in most cases Monsanto has filed post-trial motions or appealed the jury verdicts. Our motions challenge these verdicts based on, in our opinion, numerous evidentiary and legal errors, as well as unconstitutionally excessive damage awards.

In July 2024, one of the 13 defense verdicts was overturned by the appellate court, and a re-trial may be scheduled. With regard to the other appeal cases, in August 2024, the Third Circuit Federal Court of Appeals issued its ruling in Schaffner, unanimously holding that the state-based failure-to-warn claims in this case are expressly preempted by the Federal Insecticide Fungicide and Rodenticide Act (FIFRA). This decision on federal preemption creates a circuit split with prior decisions of the Ninth (Hardeman) and Eleventh (Carson) Circuits and may lead to a review by the US Supreme Court to settle this central issue of law. Bayer is considering the impact of this ruling on other pending litigation and is going to present its arguments, as fully embraced by the Third Circuit, to the US Supreme Court in due course.

As of December 31, 2024, Bayer's provision for the glyphosate litigation totaled US$5.9 billion (€5.7 billion). Bayer continues to believe there is no reason for safety concerns in connection with the products mentioned above.

As of January 31, 2025, a total of 29 Canadian lawsuits (class actions and individual actions) relating to Roundup™ are pending against Bayer. The lead class action was partially certified and will proceed on the merits.

Bayer believes it has meritorious defenses and intends to defend the safety of glyphosate and our glyphosate-based formulations vigorously.

PCB matters

Bayer's subsidiary Monsanto has been named in lawsuits brought by various governmental entities in the United States claiming that Monsanto, Pharmacia and Solutia, collectively as a manufacturer of PCBs, should be responsible for a variety of damages due to PCBs in the environment, including bodies of water, regardless of how PCBs came to be located there. PCBs are chemicals that were widely used for various purposes until the manufacture of PCBs was prohibited by the EPA in the United States in 1979.
In 2020, Bayer entered into a class settlement, valued at approximately US$650 million, to settle claims of approximately 2,500 municipal entities. In 2022, the court issued its final approval of the class settlement. There were approximately 84 opt-outs of the class settlement, the majority of which have now filed lawsuits. In July 2024, Bayer agreed, without admission of liability, to pay US$160 million to settle the lawsuit with the City of Seattle, US$35 million of which was devoted to PCB remediation. In September 2024, Bayer agreed, without admission of liability, to pay US$35 million to settle the lawsuit with the City of Los Angeles.
In April 2024, the Maine Attorney General filed suit in state court alleging claims for damages related to PCB contamination of the state's environment, so that there are now six attorney general cases pending: Delaware, Illinois, Maine, Maryland, New Jersey and Vermont. Prior cases filed or threatened by Washington, Washington D.C., New Mexico, New Hampshire, Ohio, Pennsylvania and Virginia were settled for a combined total of approximately US$456 million. The Company also settled a pending matter with the State of Oregon for US$698 million, reflecting unique circumstances in that State.
The Vermont Attorney General case is different from the others in scope because it involves allegations of contamination not only of the state's environment but also of its school buildings. There is a similar complaint (Addison Central School District) pending in federal court (District of Vermont) by private lawyers representing 93 Vermont school districts alleging PCB contamination in school buildings. In addition, there is a pending case in Vermont on behalf of the Burlington School District and related personal injury claims (see below).
Monsanto also faces numerous lawsuits claiming personal injury due to use of and exposure to PCB products in school buildings. One group of pending cases with approximately 200 plaintiffs claims a wide variety of personal injuries allegedly due to PCBs in the building products of the school Sky Valley Education Center ("SVEC") in King County, Washington. As of January 31, 2025, 10 trials had been completed in these matters, involving a total of 80 plaintiffs. 31 of these plaintiffs were not successful as the juries decided in favor of Monsanto or a mistrial was declared after the jury was unable to reach a decision. The other 49 plaintiffs were awarded a total of approximately US$320 million in compensatory and a multiple thereof in punitive damages. The undisputed evidence in these cases does not, in Bayer's opinion, support the conclusions that plaintiffs were exposed to unsafe levels of PCBs or that any exposure could have caused their claimed injuries. Bayer has filed post-trial motions or appealed the adverse verdicts, or plans to do so, due to numerous significant trial errors. In May 2024, the Washington Court of Appeals vacated the first SVEC verdict (Erickson et al.) for compensatory damages of approximately US$50 million and a multiple thereof in punitive damages, based on multiple trial errors. Many of the identified errors should, in Bayer's opinion, carry through the other SVEC trials to date. In October 2024, the Washington Supreme Court accepted review of several issues in the Erickson matter. The other appeals have been stayed pending the Washington Supreme Court's decision.
In 2023, a putative class action lawsuit (Neddo) was filed in the District of Vermont by a mother on behalf of her three children who attended a local school. She alleges they are at increased risk of cancer from PCB exposure and seeks the cost of medical monitoring. The complaint identifies 26 allegedly contaminated schools, and the proposed class is defined as all individuals who attended or worked at one of the contaminated schools. There are also three pending personal injury cases related to the Burlington, Vermont, high school.

There are additional personal injury cases stemming from non-school PCB exposure. Nine cases are pending in Massachusetts state court involving 14 plaintiffs who allege various personal injuries from alleged exposure to PCBs in or near a former General Electric landfill. A personal injury and wrongful death lawsuit involving approximately 150 current or former employees at Clark County Government Center is pending in Nevada. These plaintiffs allege that PCBs contaminated the Center through prior operations by Union Pacific Railroad at the site. The Nevada action was dismissed by the state court, and the plaintiffs had appealed. In August 2024, the Nevada Supreme Court reversed the dismissal. Lastly, there are three cases involving five plaintiffs claiming injury due to exposure to PCBs near Monsanto's former Krummrich plant.
We believe that we also have meritorious defenses in these matters and intend to defend ourselves vigorously.
To recover costs associated with the PCB-related litigation, Bayer filed a complaint in 2022 in the Circuit Court of St. Louis County for the State of Missouri to enforce its rights under certain indemnity contracts. Under these contracts, the companies who purchased PCBs for use in their products agreed to indemnify Monsanto for PCB-related litigation costs, including settlements.

We may incur considerable financial disadvantages from pending lawsuits and/or potential future cases if, for example, we are ordered to pay compensatory and possibly punitive damages or if we assume payment obligations under out-of-court settlements. We could be compelled to cover any such increased financial requirements by issuing additional external debt, increasing our equity capital or divesting assets – possibly on unfavorable terms – or through combinations of these measures. The terms on which we obtain external financing could become less favorable as a result of any increased financial requirements. The materialization of any of these risks may also adversely affect our reputation and our commercial success.

Product safety and stewardship (Medium: Crop Science, Pharmaceuticals)
Despite extensive studies prior to approval or registration, products may be partially or completely withdrawn from the market due, for example, to the occurrence of unexpected side effects or negative effects of our products. Such a withdrawal may be voluntary or result from legal or regulatory measures. In the agriculture business in particular, there is an additional risk that our customers could use our products incorrectly. Furthermore, the presence of traces of unwanted genetically modified organisms in agricultural products and/or foodstuffs may have wide-ranging negative repercussions. The materialization of any of these risks could, for example, lead to a loss of sales and earnings, a negative impact on our reputation and potential liability claims. We counter such risks by taking comprehensive measures in the areas of pharmaceutical and crop protection product safety and testing, including, in particular, a comprehensive stewardship program for genetic product integrity and quality with regard to seeds. These measures are based on globally defined principles and include analysis and monitoring measures, an alert system and training programs.

Quality and regulatory requirements (Medium: Crop Science, Pharmaceuticals, Group)
In almost every country in which we operate, our business activities are subject to extensive regulations, standards, requirements and inspections that also apply to our local contract manufacturers. In the area of health, this largely pertains to clinical studies and manufacturing processes, but also to production materials, for example. At our Crop Science Division, extensive requirements apply along the value chain, such as in our production activities, and also with respect to the external partners involved. Acquisitions may at times also be subject to requirements, compliance with which must be ensured both during and after the integration process. Potential infringements of regulatory requirements may result in the imposition of civil or criminal penalties, including substantial monetary fines, restrictions on our freedom to operate, and/or other adverse financial consequences. They could also harm our reputation and lead to declining sales and/or margins. We counter these risks through binding principles, standards and the control mechanisms in place. Quality requirements are defined and implemented in global quality management systems.

Security (Medium: Group)
Potential criminal activities targeting our employees, property or business activities represent a risk for our company. These include intellectual property theft, violent crime and sabotage. Counterfeit versions of our products being potentially put into circulation may pose a risk to our reputation and financial interests, but most of all to the health of those concerned. In addition, we could be exposed to crisis situations, such as pandemics, that may disrupt our infrastructure and production processes. Thanks to the various early warning systems in place, we are able to detect and avert potential threats at an early stage whenever possible. Operating globally, our security and crisis management department carries out regular crisis simulation exercises worldwide and supports local organizations in drawing up crisis response plans. Established reporting channels ensure that relevant security incidents are reported.

3.2.3 Overall Assessment of Opportunities and Risks by the Board of Management

In the opinion of the Board of Management, based on the current evaluations, none of the risks described above endanger the company’s continued existence, neither individually nor collectively. Compared with the previous year, we do, however, see an intensification of our risk status, in particular due to the accumulating number of pending legal proceedings. We remain convinced that we can take advantage of the opportunities arising from our entrepreneurial activity and successfully master the challenges resulting from the risks stated above.

4. Sustainability Statement

This sustainability statement offers a comprehensive overview of our environmental, social and governance-relevant efforts to create transparency for our various stakeholders and show responsibility in our actions.

4.1 General Information on the Sustainability Statement

Through the general information on this report, we provide basic details of our business conduct, business model and strategy, and thus want to enable a comprehensive understanding of our sustainable orientation. With this in mind, we identify through the double materiality assessment financial impacts that sustainability matters have on our company, as well as the impacts that our own operations and our activities within our value chain have on these factors. The results show which issues are of the utmost importance to us and our stakeholders. Within the context of general information, we also explain cross-functional policies and concepts that are of particular importance for managing environmental, social and governance aspects.

Basis for preparation

The following reporting is strongly aligned to the structural requirements of the European Sustainability Reporting Standards (ESRS). This can lead to duplications in some cases that are attributable to the system of obligatory disclosures.

General basis for preparation of sustainability statement [BP-1]

This management report was prepared on a consolidated basis. The scope of consolidation for sustainability reporting is basically the same as for financial reporting and represents the reporting group for information about our own operations. Information related to reported potential or confirmed compliance violations and our 100 million targets also includes non-fully-consolidated Bayer companies. Details of the companies included in the Consolidated Financial Statements, the subsidiary and affiliated companies of the Bayer Group pursuant to Section 313, Paragraph 2 of the German Commercial Code, and a list of domestic subsidiaries that availed themselves in 2024 of certain exemptions granted under Section 264, Paragraph 3, and Section 264b of the German Commercial Code, are included in the audited Consolidated Financial Statements that have been sent for entry into the Company Registry.

The sustainability statement contains information on the material impacts, risks and opportunities in connection with our own operations and our direct and indirect business relations. The sustainability statement therefore also comprises material impacts, risks and opportunities within our upstream and downstream value chain in accordance with the conducted materiality assessment. In preparing the sustainability statement, we did not have to avail ourselves of the option of omitting certain information corresponding to intellectual property, know-how or the results of innovation.

Disclosures in relation to specific circumstances [BP-2]

The following information describes the specific circumstances for the preparation of the sustainability statement.

Time horizons

We have defined clear time horizons for our sustainability statement to establish transparency for our strategic planning:

// Short-term time horizon: corresponds to the reporting period in our financial statements
// Medium-term time horizon: up to five years from the end of the short-term reporting period
// Long-term time horizon: more than five years

Our double materiality assessment also looked at the probability of financial risks and opportunities occurring over a 10-year horizon. In the climate-related scenario analysis, which also covers the resilience of our business fields, we use the following time horizons:

// Short-term: today through 2027
// Medium term: from 2028 through 2035
// Long-term: from 2036 through 2050

Value chain estimations

With regard to our Scope 3 greenhouse gas emissions overall and according to relevant Scope 3 categories, estimation uncertainties can arise due to the indirect method of calculation based on statistical models. These estimation uncertainties result especially from price and currency effects for the Scope 3 categories in which an input/output model is used to estimate emissions, as well as from the sector average data used in the input/output model and the geographic and technical statistical averages from industry databases that are used to calculate product carbon footprints. The price- and currency-adjustment data are taken from internal Bayer databases or a price model from the company Ctrl+S, whose model is primarily based on producer price indices from the Organisation for Economic Co-operation and Development (OECD). The applied input/output model, Item+s, mainly uses data from the OECD, the World Bank and the United States Bureau of Economic Analysis (BEA). PCF average data uses industry databases, studies and research articles to derive material and energy flows, as well as the distribution of technologies. Here we use data from companies including Carbon Minds, Sphera and Defra. We strive to achieve the maximum degree of accuracy by using cutting-edge research. Here we observe a data hierarchy according to which primary data from the up- and downstream value chain must be used where available; alternatively, technology-specific average PCF data and subsequently sector-specific input/output data must be applied. Due to the aforementioned estimation uncertainties, we anticipate low to medium accuracy of the calculated Scope 3 greenhouse gas emissions overall and according to relevant Scope 3 categories. Primary data on greenhouse gas emissions from the products and services purchased by us, capital goods, energy sources, externally disposed of waste and the associated logistics can currently only be provided by a small number of players. To improve the accuracy of the calculations, we query a steadily growing number of up- and downstream value chain participants on primary data.

Changes in preparation or presentation of sustainability information

We are applying the ESRS for the first time for 2024. Future reports will provide a reference basis for the further development of and changes to our reporting according to ESRS. For the quantitative disclosures, we stated corresponding prior-year figures wherever possible. In 2024, we revised the definition of our environmentally relevant sites and thus the reporting basis for all environmental metrics. In addition to the previous threshold value of 1.5 terajoules of energy consumption, upon exceedance of which a site is classified as environmentally relevant and thus included in the reported environmental metrics, we introduced an additional threshold value for water consumption in 2024. All sites where annual energy consumption exceeds 1.5 terajoules or annual water consumption is greater than or equal to 50 Tm^3 are now regarded as environmentally relevant. We therefore newly included eight sites in the reporting of environmental metrics. These sites are included in the disclosures for the 2024 reporting year but not in the prior-year disclosures due to a lack of data collection.

Disclosures stemming from other legislation or generally accepted sustainability reporting pronouncements

Apart from the disclosures required according to ESRS and Article 8 of Regulation (EU) 2020/852, we did not include any other disclosures due to legal regulations pertaining to sustainability information or generally recognized standards in the sustainability statement.

Governance

Sustainability is a central element of our corporate strategy. Our management and oversight bodies are charged with due diligence and the management of our material impacts, risks and opportunities.

The role of the administrative, management and supervisory bodies [GOV-1]

Bayer AG is subject to German stock corporation law and therefore has a dual governance system consisting of the Board of Management and the Supervisory Board. The Board of Management effectively consisted of six executive members in 2024, with a transitional seventh executive member in April. The Supervisory Board comprised 20 nonexecutive members, half of whom represented the stockholders and half of whom represented the employees in accordance with the German Codetermination Act.

Board of Management

The members of the Board of Management possess extensive experience as regards various products, value chains and geographic regions. This expertise forms the basis for the management of our sustainability activities and their assessment with regard to material impacts, risks and opportunities.

William N. (Bill) Anderson studied chemical engineering in Texas and at the Massachusetts Institute of Technology (MIT), where he also earned a master's degree in management. He began his career in specialty chemicals before moving into the biotech sector, where he held international leadership positions at various companies, including Biogen and Genentech. In 2013, he joined Roche Pharmaceuticals, taking over the position of CEO in 2019. He has been a member of Bayer's Board of Management since April 1, 2023, and its Chairman (CEO) since June 1, 2023.

Wolfgang Nickl studied business administration in Stuttgart, Germany, and Los Angeles, California, United States. After various assignments at Western Digital Corporation in Europe and the United States, he was appointed Chief Financial Officer in 2010. In 2013, he transferred to ASML N.V. in the Netherlands, where he became Executive Vice President and Chief Financial Officer. He has been a member of the Bayer Board of Management since April 2018 and has served as Chief Financial Officer (CFO) since June 2018.

Heike Prinz studied in Berlin, Germany, where she earned a master's degree in business administration. In 1986, she joined the former Schering AG, which was acquired by Bayer in 2006. Beginning in 2009, she performed various management functions for Bayer Pharmaceuticals in Singapore, Thailand and Japan. In 2021, she took on the role of head of Commercial Operations EMEA (Europe, Middle East and Africa) at Bayer's Pharmaceuticals Division. Heike Prinz was appointed to the Board of Management of Bayer AG in September 2023 as Chief Talent Officer and Labor Director.

Rodrigo Santos studied agricultural engineering in São Paulo, Brazil, and earned an MBA in Ohio, United States. In 1999, he joined Monsanto and most recently served as Chief Operating Officer at Bayer's Crop Science Division. During those years he held different positions in sales, market development and strategy, leading organizations in Latin America, Europe and the United States. Rodrigo Santos has been a member of the Bayer Board of Management and head of the Crop Science Division since January 1, 2022.

Stefan Oelrich joined Bayer as a commercial trainee. After qualifying as a commercial assistant, he held a number of positions of increasing responsibility in Bayer's HealthCare business. In 2011, he joined Sanofi, where he held numerous roles before being appointed Executive Vice President Diabetes & Cardiovascular in the company's Executive Committee. Stefan Oelrich has served as a member of the Bayer Board of Management and as head of the Pharmaceuticals Division since November 2018.

Julio Triana studied biology and chemistry at the University of Houston and neuroscience at the University of Texas Graduate School of Biomedical Sciences, and holds a Master of Business Administration from Universidad Antonio de Nebrija in Madrid, Spain. After working as a research scientist and transferring to PricewaterhouseCoopers, he joined the Bayer Group in 2002, where he has held various management positions, including Chief Financial Officer and Chief Transformation Officer of the Pharmaceuticals Division. Julio Triana has been a member of the Board of Management of Bayer AG since April 1, 2024, and is head of the Consumer Health Division.

Heiko Schipper gained career experience at Heineken after studying business economics in Rotterdam, the Netherlands, and joined Nestlé in 1996. He also held positions in sales and marketing in Bangladesh, Indonesia and Switzerland. Schipper took on general management roles with increasing responsibility in the Philippines and Greater China. He was later appointed CEO of Nestlé Nutrition and a member of the Nestlé Group Executive Board. Schipper was a member of Bayer's Board of Management from March 2018 until the end of April 2024.

Supervisory Board

The members of the Supervisory Board also possess an extensive portfolio of industry experience and specialist expertise, enabling them to accompany and oversee sustainability matters. In the opinion of the Supervisory Board, the stockholder representatives have the following special expertise and experience, as well as the following independence status:

A 4.1/1

Expertise and Experience of Shareholder Representatives on the Supervisory Board

	International business experience	R&D	Agriculture/ food	Healthcare	Finance	Internal controls/ risk management	HR	Governance/ compliance	Digital	Sustainability/ climate protection	Independence
Dr. Paul Achleitner	X				X	X	X	X			
Horst Baier	X				X	X	X	X		X	X
Ertharin Cousin	X		X				X	X		X	X
Colleen A. Goggins	X			X			X				X
Kimberly Mathisen	X	X	X	X			X		X	X	X
Lori Schechter	X			X		X	X	X			X
Dr. Nancy Simonian	X	X		X	X	X					X
Jeffrey Ubben	X		X		X	X				X	X
Alberto Weisser	X		X		X	X	X	X		X	X
Prof. Dr. Norbert Winkeljohann (Chairman)	X				X	X	X	X	X	X	X

In the opinion of the Supervisory Board, employee representatives have the following special expertise and experience:

A 4.1/2

Expertise and Experience of Employee Representatives on the Supervisory Board

	International business experience	R&D	Agriculture/ food	Healthcare	Finance	Internal controls/ risk management	HR	Governance/ compliance	Digital	Sustainability/ climate protection
André van Broich	X	X	X				X	X		
Yasmin Fahimi		X				X	X	X		X
Dr. Barbara Gansewendt	X	X		X	X	X	X	X		
Francesco Grioli	X				X	X	X	X	X	
Heike Hausfeld	X						X	X	X	
Frank Löllgen	X	X			X	X	X	X		
Marianne Maehl		X	X				X			
Andrea Sacher		X		X			X			
Claudia Schade							X			
Michael Westmeier				X	X	X	X			

The average age of the members of the Supervisory Board is 60. 45% of the members are male and 55% female. Of the six members of the Board of Management, 83% are male and 17% female; during the period in 2024 when the Board of Management comprised seven members, 86% were male and 14% female.

No member of the Supervisory Board or the Board of Management has an interest, holds a position, or is subject to an alliance or relationship that a reasonable and informed third party would deem suitable to exert undue influence on the decision-making process or cause bias. One member of the Supervisory Board, Dr. Paul Achleitner, has been a member of the Supervisory Board for more than 12 years. As such, the Supervisory Board does not consider him to be independent as defined in Section C.7 of the German Corporate Governance Code. However, the Supervisory Board does not have any concerns about Dr. Achleitner's impartiality or with respect to possible conflicts of interest as classified according to the German Corporate Governance Code. No member of either body can therefore be regarded as not independent according to ESRS.

Sustainability is a strategic focus for us that promotes positive contributions for people and the environment. Clear roles and responsibilities ensure effective management. Chairman of the Board of Management (CEO) William N. (Bill) Anderson holds the function of Chief Sustainability Officer (CSO). Together with the full Board of Management, this role forms the first level of responsibility for managing the impacts, risks and opportunities associated with sustainability. An external Sustainability Council advises the Board of Management on matters relating to sustainability and offers a critical, constructive perspective. In addition, we have a Human Rights Officer who oversees the management of risks relating to human rights and provides updates to the Board of Management. In exercising these responsibilities, the Board of Management is supported by the Public Affairs, Sustainability & Safety Enabling Function and the global company organization. The head of Public Affairs, Sustainability & Safety reports directly to the Chairman of the Board of Management (CEO).

Since 2022, the Supervisory Board has included an ESG Committee. Serving on the ESG Committee are the Supervisory Board members Ertharin Cousin (Chairwoman), Yasmin Fahimi, Colleen A. Goggins, Heike Hausfeld, Kimberly Mathisen, Claudia Schade, André van Broich and Prof. Dr. Norbert Winkeljohann. This committee supports the full Supervisory Board in the oversight of the Board of Management as regards integrating sustainability into the business strategy and business conduct, as well as on sustainability-related opportunities and risks, including possible consequences for the company's reputation.

The Public Affairs, Sustainability & Safety Enabling Function supports the CSO and the Board of Management in identifying risks and opportunities, developing strategies and defining targets and guidelines for sustainability management. It ensures the governance of the sustainability matters and integrates the management into existing structures. Our commitment to the UN Global Compact and Responsible Care™, as well as the WBCSD, underscores our sustainable conduct. Sustainability management is integrated into the existing management and governance structures and the core processes of the organization. We have, for example, implemented an integrated risk management system designed to ensure the continued existence and future target attainment of the Group through the early identification, assessment and treatment of risks. Our risk management system is aligned to internationally recognized standards and principles such as the ISO 31000 standard of the International Organization for Standardization.

The Board of Management uses defined nonfinancial targets and metrics to steer the company's orientation toward the Sustainable Development Goals of the United Nations. These are reflected in the Bayer Group's planning and steering process as management indicators and metrics. Our Group-wide sustainability targets are integrated into the compensation system for the Board of Management (please see the section "Integration of sustainability-related performance in incentive schemes [GOV-3]").

Wherever not immediately available, the Board of Management solicits specialist expertise on sustainability from, for example, the external Sustainability Council. Bayer's external Sustainability Council is composed of independent external specialists with comprehensive expertise in a multitude of sustainability matters. The council advises the Board of Management, the CSO, the Public Affairs, Sustainability & Safety Enabling Function and other relevant functions on all material impacts, risks and opportunities for Bayer.

Role of administrative, management and supervisory bodies in business conduct [G1.GOV-1]

Both the Board of Management and the Supervisory Board play a crucial role in managing our material impacts, risks and opportunities in the area of business conduct. Through our double materiality assessment, we have identified areas in which our company can achieve significant positive market impact and implement strategies, processes and measures to achieve our goals. When it comes to business conduct practiced at Bayer, the Board of Management leads by example ("tone from the top") and passes this conduct on to the other levels of the company. This is supported by regular training measures on

issues such as compliance or human rights and by an open communication culture that enables every employee, as well as external third parties, to voice concerns.

Integrity and compliance are central pillars of our corporate culture. Our globally valid Code of Conduct and a global compliance organization are intended to help all employees act according to legal requirements and ethical principles. This compliance organization is headed up by the General Counsel of Bayer AG in their role as the Group Compliance Officer, who reports directly to the Board of Management. To help ensure we identify risks as comprehensively as possible, we maintain a Bayer Risk Universe that reflects the company's potential risk categories. This portfolio, which is regularly updated, also expressly accounts for risks of a nonfinancial nature that are linked to our own operations or to our business relationships, products and services. Risks that relate to environmental, employee and social issues, human rights, corruption and bribery are included as well. The Bayer Assurance Committee is intended to ensure that all substantial risks are adequately addressed by way of suitable risk control measures. It is chaired by the Chief Financial Officer, with a second Board of Management member participating on a rotating basis. The Bayer Assurance Committee also regularly discusses the risk portfolio and the status of the risk control measures.

To ensure consideration of the various aspects of Bayer's business conduct, the Board of Management and Supervisory Board have specific specialist knowledge. The members of our Board of Management and our Supervisory Board benefit from our extensive program of training measures on subjects such as data protection, conflicts of interest, fairness and respect at work, and anti-corruption. In 2024, for example, members of the Board of Management and the Supervisory Board had the opportunity to complete the new training course on the Code of Conduct that entered into force in 2024.

Strict guidelines and effective training measures on corruption and other relevant theme areas are integral elements of our compliance management system. We do not tolerate corruption and have clear rules and regulations that are supported by Group-wide training measures and a policy of the legal and compliance organization.

Our efforts to achieve the highest ethical standards in supplier management show how deeply rooted our principles are throughout the entire organization. As head of the Procurement department, the Chief Procurement Officer (CPO) helps to ensure that our procurement activities and supplier relations impact society and the environment as positively as possible. In this function, the CPO reports directly to the Chief Financial Officer. Our procurement policy is reflected in the Bayer Supplier Code of Conduct, which bindingly establishes our economic, ethical, social and environmental principles vis-à-vis suppliers.

Our political lobbying is transparent and based on high ethical standards. We have clear accountabilities for governing the exertion of political influence and strive to continuously increase the transparency of our political lobbying.

By integrating these aspects into our business conduct and through the active role played by the Board of Management and the Supervisory Board, we demonstrate our commitment to responsible business conduct and sustainability. Our continuous efforts to ensure integrity and compliance in all aspects of our own operations create the foundation of our success and strengthen the trust of patients, farmers, consumers, stockholders, employees and society worldwide.

Information provided to and sustainability matters addressed by the undertaking's administrative, management and supervisory bodies [GOV-2]

Our double materiality assessment was conducted under the auspices of the Public Affairs, Sustainability & Safety Enabling Function, taking into account the requirements of the ESRS. The results were presented at a meeting of the Board of Management as well as to the ESG Committee of the Supervisory Board. The employee representatives were also informed of the results of the double materiality assessment and the contents of the sustainability statement. In addition, the Board of Management was informed twice in 2024 about the effectiveness of adopted strategies and measures.

The divisions and enabling functions steer the sustainability-related impacts, risks and opportunities and are responsible for integrating them into processes and decision-making procedures. Prior to important transactions, a comprehensive due diligence assessment is carried out to ensure that potential risks and opportunities are evaluated and suitable solutions found to safeguard the interests of various stakeholders.

Examples can be found in the approach to capital expenditure decisions, our operational procurement activity and our company culture.

// The Procurement Enabling Function steers sustainability in the supply chain. Procurement is responsible for establishing supply-chain-related targets together with the Public Affairs, Sustainability & Safety Enabling Function and meeting them together with the divisions. Procurement is also responsible for the Bayer Supplier Code of Conduct, which describes our minimum standards for supplier sustainability.
// The Human Resources area is responsible for integrating sustainability into Bayer culture, promoting sustainable conduct in accordance with our values, and establishing a dialogue-oriented culture based on fairness and respect at work, equitable compensation practices and good working conditions.
// The Mergers and Acquisitions (M&A) area is a key driver of our long-term value creation strategy, with a focus on innovation-driven technology. Sustainability is an integral part of the decision-making process for acquisitions and inlicensing.

The following issues related to material impacts, risks and opportunities were dealt with by the administrative, management and supervisory bodies or their responsible committees in 2024:

// Mitigating and adapting to climate change: negative impacts on the environment, e.g. emissions through production processes; financial risks and opportunities due to physical and transitional effects of climate change
// Our products contain substances of (very) high concern: several potential negative impacts, e.g. on biodiversity through uncontrolled release into the air, water and soil (industrial accidents, improper use of products, improper disposal of waste).
// Water as an integral element of agriculture: dependency on water as a resource and potential positive impacts on water use, e.g. through transitioning to an innovation-driven system of direct seeded rice
// We have a large workforce at many sites: several potential societal impacts, e.g. human rights, civil rights, communities.
// Our business models are based on contributions from upstream value chains: potential impacts on the human rights of workers in the value chain (e.g. seed producers).
// Positive contributions through our products for customers and end-consumers: positive impacts on healthcare and nutrition
// Large workforce, global business, dependency on partners in the value chain: potential impacts in connection with business conduct

Integration of sustainability-related performance in incentive schemes [GOV-3]

To link economic success with social and environmental responsibility, the compensation system for the Board of Management takes into account both Bayer's financial success and sustainability-related performance aspects. The total compensation of the members of the Board of Management of Bayer AG comprises fixed and variable components. The calculation model for long-term stock-based compensation (LTI) takes into account the attainment of targets newly established each year on the basis of our Group sustainability targets through 2030. Sustainability targets can also be accounted for within the individual targets to be newly established each year (multiplication factor of between 0.8 and 1.2) for the respective members of the Board of Management in connection with short-term variable compensation.

Within the scope of our Group sustainability targets through 2030, our 100 million targets and our greenhouse gas emissions reduction targets represent sustainability-related performance metrics that are integrated into the compensation policy as performance benchmarks. At least 70% of contractually agreed target direct compensation is performance-based (assuming 100% target attainment for variable compensation and excluding fringe benefits and the pension installment). The Supervisory Board sets the Board of Management's compensation pursuant to Section 87, Paragraph 1 of the AktG. The Supervisory Board does not receive variable compensation components based on the attainment of established targets (including targets pertaining to the reduction of our greenhouse gas emissions).

Integration of climate-related performance in incentive schemes in the form of reduction targets [E1.GOV-3]

Our compensation system for the Board of Management takes into account our targets for reducing our greenhouse gas emissions. For the calculation of the LTI, the components of relative capital market performance and sustainability serve as a factor by which the change in the share price is multiplied. The relative capital market performance is weighted at 80% and sustainability at 20%. Greenhouse gas emissions reduction targets (10%) and social targets (10%) each account for half of the sustainability component. By including the reduction targets in the calculation of the LTI, we want to ensure the continued reduction of our greenhouse gas emissions.

Statement on due diligence [GOV-4]

Our due diligence responsibility includes identifying and addressing the negative impacts of our own operations on individuals and the environment. This continuous process reacts to changes in the strategy, business model and business relations according to the Guiding Principles on Business and Human Rights of the United Nations and the OECD Guidelines for Multinational Enterprises. Our measures are geared toward operating responsibly and fostering sustainable development. In terms of respecting human rights, for example, actions are taken both within our own operations and throughout our value chain. Corporate policies, processes and management and monitoring systems are in place to govern the implementation of human rights and environmental standards. In addition, we offer special training programs to continuously enhance employees' awareness of the importance of human rights in their day-to-day activities. This includes a basic training course entitled "Respecting Human Rights at Bayer." We also demand that our business partners, particularly our suppliers, fully observe human rights and environmental standards.

The core elements of the due diligence obligation can be found in various places in the sustainability statement of this Annual Report:

A 4.1/3

Disclosures on Core Elements of Due Diligence

Elements	Paragraphs in the sustainability statement
Embedding due diligence in governance, strategy and business model	Information provided to and sustainability matters addressed by the undertaking's administrative, management and supervisory bodies [GOV-2], Integration of sustainability-related performance in incentive schemes [GOV-3], Material impacts, risks and opportunities and their interaction with strategy and business model [SBM-3]
Engaging with affected stakeholders in all key steps of the due diligence	Information provided to and sustainability matters addressed by the undertaking's administrative, management and supervisory bodies [GOV-2], Interests and views of stakeholders [SBM-2], Description of the processes to identify and assess material impacts, risks and opportunities [IRO-1], Holistic policies for managing material sustainability matters [MDR-P] as well as topic-specific disclosures regarding management of material impacts, risks and opportunities
Identifying and assessing adverse impacts	Description of the processes to identify and assess material impacts, risks and opportunities [IRO-1], Material impacts, risks and opportunities and their interaction with strategy and business model [SBM-3]
Taking actions to address those adverse impacts	Topic-specific disclosures regarding transition plans as well as disclosures regarding management of material impacts, risks and opportunities
Tracking the effectiveness of these efforts and communicating	Topic-specific disclosures regarding metrics and targets

Risk management and internal controls over sustainability reporting [GOV-5]

To ensure reliable sustainability reporting, risks associated with the information acquisition and handling process are analyzed and mitigated through internal controls. The internal control actions are adapted to the respective process steps. One example is the risk of incompleteness when collecting and transmitting environmental data, which we mitigate through the dual control principle. We assess and prioritize risks related to sustainability reporting based on their likelihood and their potential impact. We are currently working to formalize an internal control system for our sustainability reporting in order to optimize the identification, assessment and management of risks.

The material risks related to sustainability reporting pertain to incomplete or incorrect data that can arise both during data collection (e.g. at the sites, in the countries or in our functions) and during subsequent central calculation or consolidation, as well as the transmission of metrics. There is also a risk of imprecise or incomplete qualitative information if not all regulatory requirements were observed or not all relevant internal stakeholders were integrated into the validation process. To mitigate these risks, we employ internal controls such as the application of the dual control principle or automated data transfers.

As soon as we identify material risks in the reporting process, internal controls are developed to mitigate them. The corresponding information on the process risks and the implementation of the internal controls is passed on to our company's relevant internal functions and decision-makers. Both the Board of Management and the Supervisory Board are notified about the sustainability reporting process. The Audit Committee of the Supervisory Board was informed in particular about the risks in the sustainability reporting process and the planned formalization of a suitable internal control system in 2024.

Strategy

To provide a comprehensive picture of the company's sustainability alignment and illustrate how we integrate environmental and social responsibility into our business processes, we share information about our corporate strategy, business models and stakeholder communication.

Strategy, business model and value chain [SBM-1]

The Bayer Group is operated as a life science company consisting of three divisions: Crop Science, Pharmaceuticals and Consumer Health. We contribute innovative healthcare and nutrition products to overcome fundamental challenges facing a growing and aging world population, prevent diseases and support the sustainable production of agricultural products according to our mission "Health for all, Hunger for none."

Group sales totaled €46,606 million in 2024. We had 94,081 employees worldwide as of December 31, 2024 (December 31, 2023: 101,139). In 2024, we had 42,334 employees in Europe/Middle East/Africa, 19,205 in North America, 19,548 in Asia/Pacific and 12,994 in Latin America. Calculated in full-time equivalents (FTEs), we employed 92,815 (2023: 99,723) people worldwide. We maintain chemical production activities in our Crop Protection business, posting sales here of €22,259 million in 2024.

Our products

Our products help to find solutions for some of the biggest challenges of our time. A growing and aging world population requires an adequate supply of food and ever improving medical care. Our research and development activities are therefore focused on improving people's quality of life by preventing, alleviating and treating diseases. We are also making an important contribution to providing a reliable supply of high-quality food, feed and plant-based raw materials. We included the following products for the first time in 2024 compared to the previous year: Iblon™ (Fungicides), Qlaira™ (Women's Health) and MRXperion™ and Primovist™ (Radiology). No longer included among our products are: XtendiMax™ (Herbicides), Roundup Ready 2 Xtend™ (Soybean Seed & Traits), Aliqopa™ (Oncology), Spectris Solaris™ (Radiology), and the follicular lymphoma activities (Oncology).

Most of our finished products, such as pharmaceuticals, crop protection products or some varieties of seeds, are subject to very stringent regulations prescribing specific and extensive approval and registration procedures. As a result, our products cannot be sold on the market until they have been approved by a competent authority, or an official registration has been granted. As a condition of their approval, the prescribed efficacy and safety of the individual products must always be demonstrated as proven. An approval therefore only applies for a particular product with the formulation registered in the marketing authorization. Changes in the product composition (such as new formulations for crop protection products) require an additional authorization or registration.

Regulatory authorities in a country can, in principle, withdraw or substantially restrict the registration for a pharmaceutical or crop protection product and thus prohibit or limit the sale of a product or product group in a market. Some restrictions pertained in the past to the neonicotinoids product group in the European Union, for example. Our approval for this product group in other markets is still valid (such as in the United States and Brazil). In certain cases, we offer crop protection products that are only approved or registered for certain applications in certain countries due, for example, to the conditions prevailing there (including climatic conditions, cultivated crops and the risk of insect pest or fungal infestation). In such cases, it is possible that these products might not or no longer be approved in other markets (such as the European Union). This also applies to our seed business, for which we have only applied for a registration for certain varieties in selected markets (including the United States and Brazil).

In some cases, we voluntarily discontinued the commercialization of products in recent years and no longer utilized or pursued the related product registrations (e.g. for carbendazim-based products). In a limited number of cases, we hold product registrations in individual countries even though we do not actively have any products on the market.

Our divisions

Our Crop Science Division operates in the agricultural sector, offering a broad portfolio in the areas of crop protection and seeds & traits that is distributed particularly through wholesalers and retailers, as well as directly to farmers. Our product range comprises high-quality seeds and innovative crop protection solutions, as well as comprehensive services for agriculture.

Our Pharmaceuticals Division focuses on prescription products, especially in the areas of cardiovascular diseases and women's health, and on specialty therapeutics in the fields of oncology, hematology and ophthalmology. The division also comprises the radiology business, which markets diagnostic imaging equipment together with the necessary contrast agents. We distribute our prescription products in particular through wholesalers, pharmacies and hospitals.

The Consumer Health Division primarily markets nonprescription (OTC = over-the-counter) products in the dermatology, nutritional supplements, pain, digestive health, allergy, and cough and cold categories. These products are distributed particularly through pharmacies, supermarkets and online retailers.

Our value chains

The crop protection value chain encompasses various steps from the extraction of raw materials to the end-customer. The process starts with the extraction of raw materials and with the suppliers who provide the necessary raw materials and chemicals. This is followed by the production of the active ingredients. The next step involves the formulation and packaging of crop protection products before these are transported to a country-specific warehouse. The value chain in the area of seeds and traits starts with the breeding of seeds and the development and integration of innovative traits, followed by commercial seed production, which serves as the basis for high-quality products. The seed production process is followed by the purification, processing and packaging stages, which ensure that the seeds meet the quality standards and are ready for distribution. The packaged seed is then transported to regional and national warehouses, which ensures efficient logistics and availability in the target markets. The value chain in the area of digital farming ranges from the development of innovative products and software solutions through data management to analysis, and provides farmers with precise insights and decision-making tools. Our seed and crop protection products are generally sold to farmers by distributors, wholesalers and retailers. With our seed and crop protection products, as well as with our digital services and the associated value chains, we are at the start of the agricultural production value chain. At the center of the agricultural production value chain are the farmers, who decide on the use of products that can be supplied by us or other companies. The next step in this value chain is usually occupied by distributors, agricultural enterprises (in the case of use as animal feed), food processors and food retailers (as part of the subsequent food value chain), who further process and distribute the products to end-consumers. Agricultural products can also be present in other value chains (such as for fuels).

The value chain in the pharmaceutical sector begins with the research and development of new therapeutics and runs through their preclinical and clinical testing, the approval process, and finally their production (including the upstream value chain) and commercialization. Of significant importance are quality control and the management of clinical data to ensure the safety and efficacy of therapeutics. Drug products are supplied to health facilities, wholesalers and pharmacies with the support of the marketing and distribution functions. From there, they are made available to patients. The value chain in the area of medical diagnostics begins with research and development as the basis for innovative diagnostic solutions aimed at identifying diseases precisely and efficiently. This is followed by production (including the upstream value chain), distribution through a global pharmaceutical diagnostics supply chain, and the use of diagnostic products in medical facilities.

Pharmaceutical products are largely marketed and distributed by wholesalers/distributors to pharmacies, to which consumers make a copayment to receive the products. Most of the costs (76%) are covered by the public health insurer, while private health insurers pay 24%. The value chain of our Consumer Health business starts with the procurement of raw materials, followed by their processing, formulation and packaging, before the finished product is sent from the warehouses to the end-customers through various distribution channels.

Wholesalers play a moderate to major role in most regions. Retailers and pharmacy chains are material to the distribution of our Consumer Health products especially in North America (United States). The importance of distributors varies by region and is especially pronounced in EMEA and APAC. Direct deliveries, particularly to hospitals, occur less frequently. In most regions, governments play only a very limited distribution role.

For further information on our business model and our value chains, please see Chapter A 1 Overview of the Bayer Group.

Our sustainability targets

In our **Crop Science** Division, we support smallholder farmers with high-quality seed and crop protection products, technologies and services. As one of the global leaders in agriculture, we want to support a total of 100 million smallholder farmers in LMICs by 2030 by improving their access to agricultural products and services, including in collaboration with our partners. For more details, please see the section “Supporting 100 million smallholder farmers in low- and middle-income countries (LMICs)” in Chapter A 4.3.4 Consumers and End-Users.

In our **Pharmaceuticals** Division, our sales activities with modern contraceptive products support global aid programs (such as the United Nations Population Fund, UNFPA), to which we provide the products at favorable conditions. Alongside product sales, we are also engaged in partnerships like The Challenge Initiative with the Gates Institute at Johns Hopkins University. The partnership programs supported by us help numerous women in Asia and Africa gain access to modern contraception, irrespective of the selected method or manufacturer. We aim to fulfill the need of 100 million women in low- and middle-income countries for modern contraception by 2030. For more details, please see the section “Enabling 100 million women to gain access to modern contraception” in Chapter A 4.3.4 Consumers and End-Users.

In our **Consumer Health** Division, we expand access to everyday healthcare for people in underserved regions. We want to support 100 million people in economically or medically underserved communities with self-care interventions from Bayer in 2030. We leverage our global brands and partnerships to develop and adapt self-care solutions for low-income consumers, bring targeted health education to communities who need it most, establish critical distribution channels, and advocate globally for science-based and accessible self-care. For more details, please see the section “Supporting 100 million people in underserved communities with self-care” in Chapter A 2.3.4 Consumers and End-Users.

Within the scope of our **climate strategy**, we want to continuously reduce greenhouse gas emissions at our company and across our entire value chain in accordance with the UN SDGs and the Paris Agreement to limit global warming to 1.5° Celsius. Our goal is to achieve net zero greenhouse gas emissions throughout the value chain (Scope 1, 2 and 3) by 2050 at the latest. For more information, please see Chapter A 4.2.2 Climate Change.

Interests and views of stakeholders [SBM-2]

As a company, we are a part of society and public life. We place great importance on maintaining continuous dialogue with our stakeholders, as their expectations and perspectives significantly influence our societal acceptance and, consequently, our business success. Stakeholder dialogue helps us to recognize important trends and developments in society and our markets at an early stage and take this information into account when shaping our business.

We fundamentally distinguish between four stakeholder groups with which we engage in discussions on different issues: partners, financial market participants, societal stakeholders and regulators. We view suppliers, customers and consumers, employees, associations and universities as partners. We regard rating agencies, banks and investors as financial market participants. For us, additional stakeholder groups include societal associations such as nongovernmental organizations, competitors and the public in general. We regard politicians, regulatory authorities and legislators as belonging to the regulators’ stakeholder group.

We assess the expectations and demands of our stakeholders through the double materiality assessment, which surveys external stakeholders and company executives globally. The results reveal the latest developments along with sustainability-related opportunities and risks. Fields of activity with high relevance are accounted for in the focus area of sustainability and integrated into our nonfinancial Group targets.

Our stakeholder dialogue varies based on the specific theme area. A number of themes are addressed globally for the entire company, and thus organized by the Public Affairs, Sustainability & Safety Enabling Function. Local issues (such as with patients, residents or customers) are organized in many cases by our divisions. Dialogue is based on our Bayer Societal Engagement (BASE) principles. They describe how we interact worldwide not just with our employees, but also with patients, customers, consumers, business partners, political stakeholders, scientists, critics and our stockholders.

The results of the stakeholder dialogue are accounted for in our decision-making processes in various ways, depending on the respective issue and stakeholder group. For example, we use findings from the discussions with our customers for decision-making processes in connection with research and development. We also use feedback from the societal spectrum, especially for decisions at the local level. Feedback from financial market participants and regulators is essential for our business, and is therefore integrated into our business strategy.

The Sustainability Council informs the Board of Management, the CSO, the Public Affairs, Sustainability & Safety Enabling Function and other relevant functions about the societal stakeholders' interests. The relevant human rights issues are directly addressed to the Board of Management by our Human Rights Officer. This occurred three times in 2024. The duties of the ESG Committee of the Supervisory Board relate to sustainable business conduct in the areas of environmental protection, social issues and business conduct. This includes the integration of sustainability into the business strategy, the establishment of sustainability targets and the monitoring of nonmandatory ESG reporting. Its tasks include advising the Board of Management in its field of competence and preparing possible Supervisory Board resolutions that need to be made with respect to these questions.

In 2024, we engaged in intensive discussions with our stakeholders on numerous sustainability topics, in particular sustainable agriculture, healthcare, nutrition, climate change, biodiversity and water, taxes, political lobbying, poverty alleviation and family planning. Examples include our contributions to the World Economic Forum (WEF) Annual Meeting in Davos, Switzerland (Zero Hunger Pledge); our participation in the Economist Sustainability Week and the Climate Week in New York, United States; our Fields of Opportunities event series: the Breakthrough Innovation Forum; the Field Technology Showcase for investors at our Agronomy Center in Jerseyville, Illinois, United States; and our sustainability event at a Bayer ForwardFarm in Germany.

The feedback from our customers and consumers impacts the business strategy of our divisions and thus also the prioritization of research and development projects. The responses from the societal groups and financial market participants were relevant in the preparation of our sustainability strategy, such as when defining the focus on areas such as climate protection. In the future, we want to address the issues of biodiversity and resource scarcity particularly in agriculture more closely, and are therefore further expanding our concept of regenerative agriculture and the associated stakeholder dialogue. For more information, please see Chapter A 4.2.5 Biodiversity and Ecosystems. We want to remain in dialogue with our stakeholders on the basis of our BASE principles.

Interests and views of stakeholders as regards own workforce [S1.SBM-2]

Employee interests are of central importance to us, and are taken into account in decision-making processes. We ensure this through various formats. Examples include the global employee survey ("Ownership Pulse") or surveys on the understanding and application of our new Dynamic Shared Ownership organizational model (DSO). We also maintain dialogue formats, such as coffee talks with the Board of Management and area heads, town hall meetings and team meetings in the units to obtain opinions and questions from Bayer's own workforce and account for them in impending decisions. We also ensure that our employees' voices are heard at all times through regular communication and transparent channels for voicing concerns about possible compliance violations (Speak Up Channel). Furthermore, in Germany, for example, our own employees elect their representatives in works council elections held every four years. The same applies to the election of the Managerial Employees' Committee and of the disabled employees' representatives. Our staff members also engage in regular discourse with personnel liaison officers and union representatives to voice their interests and communicate them to the employer. The legally required employee assemblies also serve the purpose of informing the company's own workforce about current topics, obtaining feedback and passing it on to the employer for consideration.

Within the scope of our due diligence, we ensure that the interests and perspectives of our workforce are accounted for to incorporate their opinions and concerns into our strategic decisions. In various countries (such as Germany, where we have the greatest number of employees) there is a right of information or codetermination for various issues that is exercised through works councils. We additionally account for the employees' perspectives and interests through dialogue formats and other measures. The findings are also integrated into our double materiality assessment process through the responsible topic experts.

Both our Board of Management and our Supervisory Board are continuously notified about the perspectives and interests of our workforce, for which Heike Prinz is responsible on the Board of Management as Chief Talent Officer and Labor Director. On the Supervisory Board, 10 employee representatives also represent these perspectives and interests. In various countries (such as Germany, where we have the greatest number of employees), there is a right of information or codetermination for various issues that is exercised through works councils. Various dialogue formats between representatives of the Board of Management and the workforce, including employee assemblies, virtual platforms or coffee talks, are also in place to gather employees' perspectives and account for them in our decision-making processes.

Interests and views of stakeholders related to workers in the value chain [S2.SBM-2]

It is very important to us to account for the interests of those affected by our activities. We want to perform our due diligence for constructive stakeholder involvement and are working on a concept that incorporates the interests of those affected. For more on our current efforts, please see the section "Processes for engaging with value chain workers about impacts [S2-2]" in Chapter A 4.3.2 Workers in the Value Chain.

We also demand that our suppliers adhere to our ethical and social principles, including respect for human rights. This is supported by the implementation of risk analyses with regard to human rights and risk-based oversight measures for suppliers, focusing especially on high-risk countries.

We strive to comprehensively understand the interests and perspectives of workers in our value chain. Our direct dialogue with suppliers and other stakeholders helps us to develop our stakeholder management concept. In addition, we actively participate in committees and initiatives such as the corresponding working groups of econsense, where we have overseen the topics of human rights and industry since 2022, and participate in the Business for Social Responsibility (BSR) initiative. The findings obtained are integrated into our double materiality assessment process through the responsible topic experts, and were also accounted for in our human rights risk assessment conducted in 2022.

Both our Human Rights Officer and the members of our Sustainability Council can inform the Board of Management about perspectives and interests of workers in the value chain. Our Human Rights Officer also regularly notifies the Board of Management and the Supervisory Board about the perspectives and interests of the impacted stakeholders, including workers in the value chain. The Human Rights Officer is responsible for overseeing human rights risk management, and regularly engages in discourse with the Board of Management, reports on human-rights-related activities and informs the Board at least once per year and on an ad hoc basis about current developments.

Interests and views of stakeholders related to affected communities [S3.SBM-2]

We analyze the impacts of our own operations on affected communities and implement suitable protective measures where necessary to minimize any negative consequences and foster stakeholder trust. We focus on communities that are located near our operating sites or affected along our value chain. Through risk management and by accounting for their needs, we strive to establish positive long-term relationships and respect human rights. Bayer does not currently pursue a generally applicable approach for the involvement of affected communities. The inclusion of affected communities takes place at site level.

We strive to comprehensively understand the interests and perspectives of affected communities through risk management at our sites. The findings obtained are integrated into our double materiality assessment process through the responsible topic experts, and were also accounted for in our human rights risk assessment conducted in 2022.

Both our Human Rights Officer and the members of our Sustainability Council can inform the Board of Management about perspectives and interests of affected communities. Our Human Rights Officer also regularly notifies the Board of Management and the Supervisory Board about the perspectives and interests of the impacted stakeholders, including affected communities. The Human Rights Officer is responsible for overseeing human rights risk management, and regularly engages in discourse with the Board of Management, reports on human-rights-related activities and informs the Board at least once per year and on an ad hoc basis about current developments.

Interests and views of stakeholders related to consumers and end-users [S4.SBM-2]
We systematically integrate the interests and perspectives of our consumers and end-users into our strategy and business model. Our activities focus on product stewardship, whereby we ensure that our products meet the highest quality standards and are safe for people and the environment when used as intended. We identify the social impacts on consumers, particularly in relation to their health and safety, and actively manage these impacts as early as during the research and development stage of our products. Our healthcare and nutrition innovations have positive impacts on society, for example in feeding a growing world population and strengthening women's independence.

We maintain direct contact with our consumers and end-users. For example, the Farmer Voice survey initiated in 2023 collects data on the motivation, perceptions and perspectives of more than 2,000 farmers in over eight countries and six continents. Another important element of our work is trustful dialogue with patient organizations. Such collaborations help us to understand the needs of our patients as they deal with their illness. This allows us to align our research and development to these needs and continue to work on new and improved medicines and therapies. Bayer cooperates with patient organizations in a wide range of therapeutic areas. We place tremendous value on transparency and respect the independence of our cooperation partners.

By introducing a new organizational model (Dynamic Shared Ownership) that also focuses on the interests of our customers during internal decision-making processes, we strive to react even more quickly to the needs and expectations of our end-users.

Material impacts, risks and opportunities and their interaction with strategy and business model [SBM-3]

Through our double materiality assessment, we have identified several material impacts, risks and opportunities in our own operations and in the upstream and downstream value chains. These impacts, risks and opportunities comprise, for example, possible environmental and health risks, social challenges at the workplace and the potential for innovation and sustainable development in the value chain. The material impacts, risks and opportunities in connection with our own business operations and activities in our value chain are explained in the respective thematic sections. All identified material impacts, risks and opportunities fall under the disclosure requirements of the ESRS.

In particular, the challenges posed by climate change and the associated financial risks for us and our agricultural customers, as well as the opportunities and potentially positive impacts we can have with our products, have prompted us to adapt our business strategies in recent years. We therefore promote a concept of regenerative agriculture (mainly downstream in our value chain). For us, regenerative agriculture is an outcome-based production model based on two key building blocks: productivity, which focuses on helping farms to produce more with less, and better regeneration, which focuses on delivering a positive impact on nature. The products and services we offer help farmers to optimally utilize their farmland, and thus contribute to food security and better adapt local agriculture to the respective environmental conditions going forward. Some of the innovations and solutions we have developed have the potential to advance the future of regenerative farming (e.g. short-stature corn, hybrid wheat, direct seeded rice). Even more than before, we want to help improve sustainability in farming with our products and innovations. We want to both minimize negative impacts and contribute positively to our customers' quality of life in the future.

For 2024, current financial impacts resulted from risks and opportunities related to the sustainability matter of climate change (climate change adaptation, climate protection and energy) and to the sustainability matter of consumers and end-users (litigations). We assess the current financial impacts of the risks and opportunities allocated to the sustainability matter of climate change as nonmaterial. For further information on the current financial impacts related to the sustainability matter of climate change, please see the section “Impact of climate-related matters” in Chapter B Note [3]. For details about the current financial implications for the sustainability matter of consumers and end-users (litigations), please see Chapter B Note [30] Legal Risks. In principle, litigations can lead to a valuation adjustment in the carrying amounts of assets and liabilities reported in our Consolidated Financial Statements. For more information on our legal risks, please see Chapter B Note [30] Legal Risks and Chapter A 3.2.2 Opportunity and Risk Status.

The material impacts resulting from our own operations and activities of our value chain pertain to environmental, social and governance aspects. In terms of the environment, it is climate protection and adaptation to climate change that are of substantial importance to us. We see negative environmental impacts, particularly due to greenhouse gas emissions from our supply chain, our own production processes and our downstream value chain. The emission of greenhouse gases can lead to financial risks stemming from the physical effects of climate change and from transition risks. Opportunities for our innovations also result from the need for products and technologies to reduce the greenhouse gas emissions associated with farming and to adapt to the effects of climate change, both in agriculture and healthcare. Products containing substances of (very high) concern according to ESRS also harbor several potentially negative effects. These include possible impacts on the environment through uncontrolled release into the air, water and soil that could be caused, for example, by environmental events, improper use of products or improper disposal of waste. Furthermore, water is an integral factor in agriculture. Both we and our suppliers, but especially our customers, depend on water as a resource. However, we also see potential positive impacts on water use through our product innovations and the application of modern agronomic practices such as the transition to direct seeded rice (DSR).

In connection with social aspects, the focus is particularly on respect for human rights. We have a large workforce at many sites, which is associated with several potential social impacts. These include potential impacts on personality and human rights, and the impacts on the communities in which we operate. Our products’ positive contributions are also significant, as they can favorably affect the health and nutrition of patients, end-users and consumers who in most cases are not our direct customers. These positive effects are a significant component of our business model, and ideally help to improve the quality of life of a very large number of people. There are potential impacts in connection with business conduct due to the large workforce, the global business and the dependency on partners in the value chain.

Our business models are also based on contributions from the upstream value chain, which can also be associated with potential impacts on the human rights of workers in the value chain, such as seed producers. With the help of our concepts and measures explained in this report, we are committed to promoting ethical standards and responsible practices in all areas of our business model.

There are different time horizons in which the identified impacts, risks and opportunities can be realized. We estimate that short-term impacts such as possible regulatory changes and market adjustments can be realized over a short- to medium-term period of one to five years. We expect long-term impacts pertaining to the environment and social aspects, such as the physical effects of climate change, biodiversity loss and the development of human rights in our supply chains, over a long-term period of 5 to 10 years or longer.

We currently believe that our strategy and business model – particularly the focusing of our agricultural products and innovations toward our regenerative farming concept – enable us to manage material impacts and risks, as well as leverage opportunities.

A 4.1/4

Financial Risks and Opportunities Related to Sustainability Matters

	Financial risks	Financial opportunities
Environmental matters		
Climate change	A, B, C	M, N, O
Pollution	D, E	
Water and marine resources		
Biodiversity and ecosystems	F	
Circular economy		
Social matters		
Own workforce	G, H, I	P, Q
Workers in the value chain	J	
Affected communities		
Consumers and end-users	K	
Governance matters		
Business conduct	L	

A – Production disruptions through extreme weather events and natural disasters
B – Loss of sales due to a product portfolio unsuited to significantly changed climate conditions
C – High capital expenditure requirements to adapt to new climate-change-related regulations and laws
D – Losses on sales due to regulatory restrictions for products containing substances of concern
E – Operational disruptions due to supply chain interruptions resulting from pollution
F – Reputation risks due to high product efficiency and presumed impacts on biodiversity
G – Health and safety threats for employees
H – Risks to the brand reputation and customer loyalty in the event of violations of employee rights
I – Loss of reputation and legal consequences due to a lack of fairness and equal opportunity at the workplace
J – Operational, legal and financial consequences due to human rights violations in supply chains
K – Product-related litigation
L – Risks due to unfair competition, antitrust law, corruption and data protection
M – Increase in demand for products adapted to climate change
N – New business models in the agricultural value chain due to changed climate conditions
O – Increase in demand for products to manage the consequences of climate change
P – Talent management leads to innovation and employee retention
Q – Commitment to equality improves employer brand and productivity

A 4.1/5

Impacts Related to Sustainability Matters

	Negative impacts		Positive impacts	
	Potential	**Actual**	**Potential**	**Actual**
Environmental matters				
Climate change	3	1, 2	28, 29, 30	
Pollution	4, 5, 6, 7, 8, 9, 10,	11		
Water and marine resources		12		31, 32
Biodiversity and ecosystems		14		
Circular economy	13, 15	16		33
Social matters				
Own workforce	17, 18, 19	20		34, 35, 36, 37, 38, 39, 40, 41, 42, 43, 44
Workers in the value chain	21			
Affected communities	22, 23			
Consumers and end-users	24, 25	26, 27		45, 46, 47, 48, 49, 50, 51, 52, 53, 54, 55, 56
Governance matters				
Business conduct			58	57, 59

1 – Environmental impacts due to emissions from production, mining and disposal
2 – Use of fossil fuels along the value chain (particularly in chemical production)
3 – Greenhouse gas emissions due to industrial farming, biofuels, food losses
4 – Reduction of air quality due to unforeseen production incidents
5 – Reduction of water quality due to unforeseen production incidents
6 – Reduction of soil quality due to unforeseen production incidents
7 – Health risks due to the handling of substances of concern
8 – Environmental risks due to the handling of substances of concern
9 – Health risks due to the handling of substances of very high concern
10 – Environmental risks due to the handling of substances of very high concern
11 – Reduced water quality due to product residues in the downstream value chain
12 – Water stress due to water consumption in production processes
13 – Pollution of habitats and species due to hazardous waste from unforeseen incidents
14 – Soil degradation and species decline in flora and fauna on farmland
15 – Contamination of water reserves and organisms due to pharmaceutical residues
16 – Resource depletion due to nonrecyclable waste
17 – Physical or psychological injuries for employees due to work-related incidents
18 – Inadequate representation of employee interests in management decisions
19 – Threatened job security due to restructuring
20 – Deviation from company principles regarding fairness and respect at work
21 – Undetected illegal practices due to control gaps in supplier management
22 – Restricted community access to basic resources due to resource consumption
23 – Restricted community access to basic resources due to industrial incidents
24 – Reduced product affordability due to high prices
25 – Unclear effects of new technologies on food quality and safety
26 – Health risks due to improper use of products by end-users
27 – Potential use of broad communication channels and potential influence on public perception
28 – Improved ecosystem health due to carbon capture and regenerative agriculture
29 – Food security due to climate-resistant products and sustainable agriculture
30 – Positive impacts on human health due to climate-resistant products
31 – Reduction of water stress due to innovative products
32 – Reduction of water stress due to innovative services
33 – Waste reduction due to recycling and reuse of materials
34 – Supporting equal opportunity and inclusion for all employees
35 – Promoting employee health at Bayer through company programs
36 – Creating an inclusive work environment for a stronger sense of belonging
37 – Payment of adequate wages for a minimum cultural and social standard of living

38 – Continuous employee training to improve employability
39 – High employee retention and productivity through work-life balance
40 – Safeguarding employment due to permanent contracts
41 – Sensitizing employees to human rights through training measures
42 – Promoting social dialogue through a feedback-oriented culture
43 – Financial security following retirement through pension plans
44 – Vocational training for young talent through apprenticeships, internships and trainee programs
45 – Positive impacts on women and society through the availability of contraceptives
46 – Initiatives to support women in LMICs
47 – Development of new products through the safeguarding of R&D investments
48 – Investment in safe and efficient products through IP use
49 – Positive impacts on farming through digitalization and use of technology
50 – Improving healthcare through treatments, therapies and nutritional supplements
51 – Increased affordability of healthcare products through adjusted prices
52 – Improved availability of seeds, food products and nutrients
53 – Helping feed a growing population through innovative crops
54 – Safeguarding human rights and safety in clinical studies
55 – Overfulfillment of legal requirements in product safety information
56 – Industry role model due to high communication standards
57 – Contribution to public discourse through transparent and open communication
58 – Positive market influence through ethical standards and business practices
59 – Influence on suppliers to improve business standards

Impact, risk and opportunity management

Through a double materiality assessment, we identify material impacts and material financial risks and opportunities with regard to the environment, social affairs and governance matters. We therefore report both overarchingly and on an issue-related basis on the processes and procedures for identifying impacts, risks and opportunities.

Description of the processes to identify and assess material impacts, risks and opportunities [IRO-1]

In 2024, we conducted a double materiality assessment in accordance with the ESRS. This assessment was based on extensive experiences and methods from earlier evaluations, such as our most recent materiality assessment, our human rights risk assessment and the climate scenario analysis. The analysis was conducted in close coordination with our enterprise risk management (ERM). In our analysis, we made the assumption that the planetary limits and the needs of our stakeholders are especially crucial for identifying issues. We also assumed that regulatory changes, economic conditions, technological progress, environmental changes and sustainability in the value chains will continue to significantly impact the materiality of certain aspects in the future.

There are several elements to our process for identifying, evaluating, prioritizing and monitoring the impacts on people and the environment. First, we identify potential material impacts by conducting comprehensive research, followed by a detailed assessment by external and internal experts. We then apply specific thresholds to prioritize the materiality of the identified impacts. Our process takes into account all significant activities and business relations in the Crop Science, Pharmaceuticals and Consumer Health divisions. Here we particularly focus on our production activities and the resources used during these processes that can lead to an elevated risk of adverse effects. The process thus also involves analyzing the impacts that can result both from our own activities, such as research, development and production, and from our business relationships in the up- and downstream value chain.

To determine materiality, we consult both external and internal experts in order to take into consideration the perspectives of affected stakeholders. Such consultations are validated by our Sustainability Council, which comprises external ESG experts. This is intended to ensure that we adequately account for the opinions and concerns of relevant stakeholder groups. To prioritize and determine impact materiality, we use an average view with a threshold of 2.5 on a scale of 1 to 5. In our process, we prioritize impacts related to human rights by giving precedence to severity over likelihood.

The process for identifying, evaluating and prioritizing the financial risks and opportunities is oriented toward the ERM method to ensure a consistent and comprehensive risk assessment. First, we record the potential material risks and opportunities, which are then assessed by internal and external experts with regard to their likelihood of occurrence and potential financial scope. We then apply specific thresholds to determine the materiality of the identified risks and opportunities.

We take into account the material impacts as the input for identifying financial risks and opportunities. This approach enables us to understand the potential links between the identified impacts and the associated financial risks and opportunities. To prioritize the determined opportunities and risks, we use an average view that considers both the likelihood of occurrence and the financial scale.

Within the scope of our risk management, sustainability risks are treated with equal importance to the other risk categories. The results of the materiality assessment are thus approved by the Board of Management to ensure that the material impacts, risks and opportunities are accounted for in strategic decisions. The findings are taken into consideration in our enterprise risk management process, enabling us to produce an informative risk profile that accounts for the different dimensions of our risks and opportunities. The management team of our Sustainability Department contributes to the process for identifying, evaluating and managing impacts and risks, thereby enabling integration into the general management of our company. This also applies to the process for identifying, evaluating and managing opportunities.

The specific parameters and data sources used in our process encompass internal data from our departments and the external perspectives of relevant stakeholders such as regulatory authorities, environmental organizations, suppliers, capital market participants, industry associations, customers, academic institutions and health services providers. While we have already supported this entire process through various validation activities, we are currently establishing a formal control system. In 2024, we improved our methodology for identifying potential impacts, risks and opportunities according to ESRS guidelines by conducting a combination of external stakeholder and internal topic expert surveys.

Description of the processes to identify and assess material climate-related impacts, risks and opportunities [E1.IRO-1]

In conducting our double materiality assessment, we analyzed impacts, risks and opportunities related to climate change. Here we particularly took into account the following sustainability matters:

// Climate change adaptation
// Climate protection
// Energy

We have reported for many years on our Scope 1, 2 and 3 greenhouse gas emissions according to the requirements of the Greenhouse Gas Protocol (GHG Protocol), and on the steps we have taken over the years to reduce our emissions. We therefore accounted for our experiences and findings in the double materiality assessment.

In addition, we have conducted a scenario analysis to estimate the acute and chronic physical and transition risks for our business for several years. This analysis includes the up- and downstream value chains. The findings of the scenario analysis are also accounted for in the assessment of the physical and transition risks in our enterprise risk management (please see Chapter A 3.2 Opportunity and Risk Report) and are also used to assess the impacts of climate-related matters (please see the section “Impact of climate-related matters” in Chapter B Note [3]). For more details of our scenario analysis and the identified risks and methodology of our analysis, please see the section “Description of the processes to identify and assess material impacts, risks and opportunities [IRO-1].” In the identification of climate-related issues, we also took into account scientific findings on climate change and the expected impacts on agriculture (including extreme weather events), as well as on human health. These findings were confirmed in the further identification of the topics and interaction with the stakeholders involved.

Description of the processes to identify and assess material pollution-related impacts, risks and opportunities [E2.IRO-1]

The issue of pollution was comprehensively accounted for in our double materiality assessment. In the identification, evaluation and prioritization of impacts, risks and opportunities in this area, we analyzed the following sustainability matters in particular:

// Pollution of air, water and soil
// Pollution of living organisms and food resources
// Substances of concern and of very high concern according to ESRS
// Microplastics

In the identification of impacts, risks and opportunities related to pollution, we analyzed in particular activities at our production sites that could increase the risk of adverse environmental effects. Relevant stakeholder perspectives and sound specialist expertise were taken into account here.

Description of the processes to identify and assess material water and marine resources-related impacts, risks and opportunities [E3.IRO-1]

The double materiality assessment process also analyzes the area of water and marine resources. To identify, assess and prioritize impacts, risks and opportunities in this area, we looked particularly at the following sustainability matters:

// Water
// Marine resources

We systematically examined our activities to identify real and potential impacts, risks and opportunities related to water and marine resources. We conducted extensive research and evaluations here, focusing particularly on our production sites that could present an elevated risk of adverse effects on marine resources. Relevant stakeholder perspectives and sound specialist expertise were accounted for in this process.

Description of processes to identify and assess material biodiversity and ecosystem-related impacts, risks and opportunities [E4.IRO-1]

Within the scope of our double materiality assessment, we identified, assessed and prioritized the impacts, risks and opportunities related to biodiversity and ecosystems.

The following sustainability matters were taken into account both when creating the list of all potential material impacts, risks and opportunities related to biodiversity as well as when interacting with the stakeholders involved within the context of the double materiality assessment:

// Direct impact drivers of biodiversity loss
// Impacts on the state of species
// Impacts on the extent and condition of ecosystems
// Impacts and dependencies on ecosystem services

The findings of the reports of the Intergovernmental Science-Policy Platform on Biodiversity and Ecosystem Services, IPBES, were also taken into account, especially with regard to the direct drivers of terrestrial biodiversity loss (see below). When implementing our materiality assessment, we did not consult any potentially impacted communities to assess the sustainability of jointly used biological resources and ecosystems throughout our value chain because we mitigate the potential impact of our sites on conservation areas in normal operations and implement a comprehensive package of concepts, measures and goals to mitigate soil degradation and the decline in biodiversity on farmland.

According to IPBES, the biggest direct drivers of terrestrial biodiversity decline are land-use change, including the fragmentation and degradation of habitats, and intensified land use. Agriculture is one of the main causes of land-use change. The drivers of biodiversity loss due to land-use change include the expansion of agricultural and grazing land into natural habitats, the homogenization of landscapes (larger fields, fewer structural elements, tighter crop rotations) and intensified land use (e.g. through increased mowing frequency and increased nitrogen input in grassland management). These ecosystem impacts can vary widely from one region to the next.

In general, agriculture is more dependent than any other industry on natural cycles (such as water and nutrients), climate and cultivated crops, and different ecosystem services such as pollination and natural pest control. Both transition risks (e.g. related to politics or our reputation) and physical risks (e.g. through soil degradation) related to biodiversity and agriculture in general therefore occur in value chains like that of Bayer, although these risks can vary broadly by region and in terms of our value chain. This also applies to systemic agricultural risks. In addition to the double materiality assessment process, we analyzed and assessed our sites as follows with regard to potential impacts on biodiversity-sensitive areas and endangered species.

We focused on sites where our operations could potentially be relevant for nature, such as the production and formulation of active ingredients for pharmaceutical and crop protection products, herbal medicines, nutritional supplements and seeds, as well as activities on agricultural fields and in breeding stations and the mining of phosphorus rock.

Using the World Database of Key Biodiversity Areas (KBA), the World Database on Protected Areas (PA) and the IUCN Red List of Threatened Species, we analyzed the geographic proximity of relevant conservation areas and endangered species to our 485 production sites, agricultural field and breeding stations, and mining operations. With an impact radius of action 10 times greater than the size of the respective site asset, we found 46 sites near conservation areas (PA or KBA), including 19 production sites, six seed production facilities, 18 field and breeding stations and three phosphate mines (two legacy and one future mine). Eight of these 46 sites and nine additional Bayer sites are located near areas in which more than 10 different species are endangered (EN) or critically endangered (CR) according to the IUCN Red List.

In normal operations, we strive to minimize our potential impacts on the environment. We therefore regard our sites as nonmaterial with regard to direct impacts on nearby conservation areas. Due to compliance with legal and regulatory requirements as well as the targeted, site-specific measures described below, we came to the conclusion that no additional remedial measures will have to be undertaken with regard to potential impacts on biodiversity.

Description of the processes to identify and assess material impacts, risks and opportunities related to circular economy [E5.IRO-1]

The circular economy issue is an integral element of our double materiality assessment. In the identification, assessment and prioritization of impacts, risks and opportunities in this context, we employed methods such as extensive research and expert assessments, made assumptions about the recyclability of our products – whereby we took into account that not all products, such as pharmaceuticals, are suitable for repeated use – and utilized tools for prioritizing materiality to systematically record the impacts on humans and the environment. Here we particularly analyzed the following sustainability matters:

// Resource inflows, including resource use
// Resource outflows related to products and services
// Waste

We conducted a thorough analysis of our activities, resources and business relationships to identify both real and potential impacts, risks and opportunities related to the circular economy. This involved extensive research and evaluations, focusing particularly on production sites of ours that could present an increased risk of inefficient resource use or waste generation. The perspectives of relevant stakeholders and sound specialist expertise were accounted for in this process. No direct consultations were conducted with stakeholders as part of the double materiality assessment; instead, our findings were based on existing data and experiences obtained in continuous dialogue with our stakeholders.

Description of the processes to identify and assess material impacts, risks and opportunities related to business conduct [G1.IRO-1]

The business conduct issue is a central element of our double materiality assessment. In the identification, assessment and prioritization of material impacts, risks and opportunities, we employed comprehensive research, expert assessments and materiality prioritization tools. Here we particularly analyzed the following sustainability matters:

// Corporate culture
// Protection of whistle-blowers
// Animal welfare
// Political engagement and lobbying activities
// Management of relationships with suppliers including payment practices
// Corruption and bribery

We took into particular consideration our company values, our German and international base of operations, the size and market position of our company and the specific requirements and challenges resulting from these factors.

Disclosure requirements in ESRS covered by the undertaking's sustainability statement [IRO-2]

For an overview of the disclosure requirements according to ESRS covered in this report, please see Chapter A 4.5 ESRS Index. For an overview of the data points resulting from other EU legal regulations that were taken into account in the preparation of our sustainability statement, please see Chapter A 4.6 Data Points From Other EU Legal Regulations. Information is assessed as material or nonmaterial within the scope of our double materiality assessment according to the specifications described in ESRS 1, section 3.2. Data points are therefore considered material if they pertain to our material impacts, risks and opportunities and support users of our sustainability statement in their decision-making processes. For more details about our double materiality assessment, please see the section "Description of the processes to identify and assess material impacts, risks and opportunities [IRO-1]."

Holistic policies for managing material sustainability matters [MDR-P]

We recognize the importance of effectively managing sustainability-related impacts, risks and opportunities. That is why some of our concepts and policies address our impacts, risks and opportunities from a holistic perspective. Below, we explain these overarching tools, which address our impacts, risks and opportunities in environmental, social and governance aspects. The relevant thematic sections supplement these tools with details of targeted approaches that specifically deal with individual impacts, risks and opportunities.

Maintaining ethical standards and compliance in our own operations through our Code of Conduct

Our Code of Conduct outlines the ethical principles and standards that all employees must adhere to, including compliance with laws and regulations, integrity in business practices, respect for human rights, environmental stewardship, and commitment to fair and respectful treatment of all stakeholders. In this way, we want to avoid negative impacts such as human rights violations in our own business operations, as well as promote positive impacts through improved stakeholder engagement and a sustainable company culture.

The Code of Conduct applies to all employees across all divisions and regions, including executives. The most senior level accountable for the implementation of Bayer's Code of Conduct is the Board of Management. Our Code of Conduct respects and integrates various third-party standards and initiatives, including the United Nations Global Compact (UNGC), the Universal Declaration of Human Rights and the International Labour Organization (ILO) standards. Through the Code of Conduct, we consider the interests of key stakeholders by engaging with employees, customers, suppliers, investors, regulatory bodies and the communities in which we operate. Our Code of Conduct is the subject of a web-based training course and of compliance audits. Violations of it can be reported via our Speak Up Channel. This enables adherence to the Code of Conduct to be monitored. It is publicly available through our company's internal communication channels and our corporate website.

Upholding standards across our global value chain through our commitment to human rights

Our Human Rights Policy outlines our commitment to respect human rights and defines responsibilities and expectations as regards human rights along the entire value chain. It provides guidance for employees to promote respect for human rights in our company culture and avoid potential negative impacts in our value chain, such as child and forced labor. Our commitment encompasses respecting human rights along the entire global value chain. including all employees of our company and their interactions with our business partners, (direct and indirect) suppliers, contractors, customers, consumers, local community members and government officials. It also applies to third parties acting on behalf of Bayer or conducting business in facilities owned or operated by Bayer and its subsidiaries.

The policy is based on the UN Guiding Principles on Business and Human Rights (UNGPs), which recognize the distinct human rights responsibilities of states and businesses, and the OECD Guidelines for Multinational Enterprises. Our Human Rights Policy includes internationally recognized human rights in accordance with the International Bill of Human Rights and the Declaration on Fundamental Principles and Rights at Work of the International Labour Organization (ILO). The International Bill of Human Rights consists of the following instruments:

// Universal Declaration of Human Rights (UDHR)
// International Covenant on Civil and Political Rights (ICCPR)
// International Covenant on Economic, Social and Cultural Rights (ICESCR)

Our Human Rights Policy was approved by the Board of Management and is publicly available on our website. Adherence to the provisions of our Human Rights Policy is monitored, for example, in audits at our sites and those of our suppliers.

Safeguarding responsibility and sustainability across our supply chain through the Bayer Supplier Code of Conduct

Our Bayer Supplier Code of Conduct outlines the most important social, environmental and ethical standards. By communicating the Bayer Supplier Code of Conduct and what we therefore expect from our suppliers, we want to counteract potential negative impacts that could occur in our supply chain. This is how we want to promote human rights within our supply chain and the considerate management of natural resources, for example. The Code of Conduct is applicable globally to the suppliers of all three of our divisions.

Through the Bayer Supplier Code of Conduct, we account for the perspectives and interests of key stakeholders such as regulatory bodies, nongovernmental organizations, the scientific community, and the public and the private sector by promoting responsible and sustainable practices throughout our supply chain. The oversight process of the Bayer Supplier Code of Conduct includes regular assessments and audits of selected suppliers to ensure that they comply with the established standards pertaining to ethical business practices, environmental compatibility and social responsibility.

The Bayer Supplier Code of Conduct is based on our Human Rights Policy, the 10 principles of the UN Global Compact (UNGC) in the areas of human rights, labor, environment and anti-corruption, the core labor standards of the ILO, the UNGPs and the OECD Guidelines for Multinational Enterprises. The implementation of this policy is managed by the Procurement Enabling Function. The Bayer Supplier Code of Conduct is made available to suppliers with the goal of strengthening mutual understanding of how these principles should be practiced in day-to-day business. The Bayer Supplier Code of Conduct is accessible via our website and included in all new and renewed supplier contracts.

Ensuring compliance and sustainable practices through the Health, Safety and Environmental Management (HSE) and HSE Key Requirements Policy

The Health, Safety and Environmental Management (HSE) and HSE Key Requirements Policy outlines the essential health, safety and environmental standards and practices that must be adhered to within our own operations. The policy aims to communicate guidelines on pollution control, waste management, occupational health and safety, emergency preparedness and environmental protection. In this way, we want to counteract potential negative impacts such as those resulting from occupational injuries or potential hazards in the work environment. Thus, we also want to ensure that the relevant statutory regulations pertaining to environmental management are known to our organization.

The policy applies globally to all facilities, operations and employees, encompassing all aspects of health, safety and environmental management. The continuous review and revision of Group regulations by the Public Affairs, Sustainability & Safety Enabling Function, regular mandatory internal audits and external certification processes ensure that management systems at our sites meet the relevant requirements.

The Board of Management is accountable for implementing the policy and is supported by the Public Affairs, Sustainability & Safety Enabling Function. The policy respects and integrates various third-party standards and initiatives, including ISO 14001 (Environmental Management Systems), ISO 45001 (Occupational Health and Safety Management Systems) and the guidelines of the ILO and the World Health Organization (WHO). Through this policy, we consider the interests of key stakeholders by engaging with employees, regulatory bodies, nongovernmental organizations, the scientific community and local communities. This is intended to ensure as far as possible that diverse perspectives are reflected and the concerns of all relevant parties addressed.

Our Health, Safety and Environmental Management (HSE) and HSE Key Requirements Policy is conveyed to all employees and relevant stakeholders through our internal communication channels and training programs. It is also communicated through regular HSE training sessions to ensure it is understood and adhered to.

Anchoring environmental responsibility through our Management Policy on Sustainability

Our Management Policy on Sustainability describes the integral role played by sustainability within the organization. It aims to establish clear standards as well as roles and responsibilities for sustainability management throughout the company. By integrating sustainability standards and targets into our corporate strategy, we want to promote the positive impacts of sustainable business practices, such as overcoming challenges in health and nutrition or creating new business opportunities.

The policy is in line with several important standards and initiatives, including the Paris Agreement and the Sustainable Development Goals (SDGs). It applies to all employees in our own business operations and is relevant for all regions in which we operate. The sustainability policy is implemented without a standardized oversight process, but rather through communication of the process to all employees, local availability and required translations. Bayer's Board of Management and the Chief Sustainability Officer form the first and highest level of responsibility of our sustainability management. The policy is made available internally to all Bayer employees.

4.2 Environmental Information

We report on the environmental issues of relevance to us in order to present our commitment to sustainable conduct and transparent corporate governance. By disclosing relevant information on our environment-related impacts, risks and opportunities and their management, we want to give our stakeholders an overview of our actions, progress and challenges in our environmental management.

4.2.1 EU Taxonomy

Our sustainability targets (please see Chapter 4.1 General Information on the Sustainability Statement) make a crucial contribution to our mission of “Health for all, Hunger for none.” Beyond those targets, we also report on other nonfinancial aspects. For 2024, we are required to disclose the proportion of taxonomy-eligible and taxonomy-aligned turnover (sales), capital expenditure (CapEx) and operating expenditure (OpEx) in the context of the EU taxonomy environmental objectives. The environmental objectives are climate change mitigation, climate change adaptation, the sustainable use and protection of water and marine resources, the transition to a circular economy, pollution prevention and control, and the protection and restoration of biodiversity and ecosystems. Company activities are assessed for taxonomy eligibility based on the economic activities described in Annexes I and II to the Delegated Act of June 4, 2021, and Annexes I through IV to the Delegated Act of June 27, 2023. To avoid double-counting, results are documented at product master data level, for example. Taxonomy alignment is evaluated based on the technical screening criteria for each economic activity, which are also defined in the aforementioned Annexes.

We use our own interpretation when applying the EU taxonomy as definitions are not yet available and the wording used is unclear. The FAQ documents published by the European Commission as of December 31, 2024, were duly taken into account.

Reporting on turnover

The definition of turnover according to EU taxonomy corresponds with the sales reported in our Consolidated Financial Statements (please see Chapter B Note [6]).

The determination of taxonomy-eligible sales takes place at product level. According to our interpretation, sales generated from medicinal products that are merely resold, repackaged or mixed are not taxonomy-eligible.

The taxonomy-eligible sales of our Pharmaceuticals and Consumer Health divisions are assignable to the economic activity “manufacture of medicinal products,” which can contribute to the environmental objective pollution prevention and control. Taxonomy-eligible sales amounted to €18,047 million in 2024 (2023: €18,299 million), and taxonomy-non-eligible sales amounted to €28,559 million (2023: €29,338 million). The proportion of taxonomy-eligible sales was thus 38.7% (2023: 38.4%). We were unable to identify any taxonomy-aligned sales.

The total sales identified as being taxonomy-eligible and taxonomy-aligned are shown in the following table:

A 4.2.1/1

Taxonomy Turnover Reporting

		Fiscal year 2024		Substantial contribution criteria[1]					
Economic activities	Code	Turnover	Proportion of turnover 2024	Climate change mitigation	Climate change adaptation	Water	Pollution	Circular economy	Biodiversity
		€ million	%	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL
A. Taxonomy-eligible activities									
A.1 Environmentally sustainable activities (taxonomy-aligned)									
Turnover of environmentally sustainable activities (taxonomy-aligned) (A.1)		**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Of which enabling		0	0	0	0	0	0	0	0
Of which transitional		0	0	0					
A.2 Taxonomy-eligible but not environmentally sustainable activities (not taxonomy-aligned activities)									
				EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL
Manufacture of medicinal products	PPC 1.2	18,047	38.7	N/EL	N/EL	N/EL	EL	N/EL	N/EL
Turnover of taxonomy-eligible but not environmentally sustainable activities (not taxonomy-aligned activities) (A.2)		**18,047**	**38.7**	**0**	**0**	**0**	**38.7**	**0**	**0**
Turnover of taxonomy-eligible activities (A.1+A.2)		**18,047**	**38.7**	**0**	**0**	**0**	**38.7**	**0**	**0**
B. Taxonomy-non-eligible activities									
Turnover of taxonomy-non-eligible activities		**28,559**	**61.3**						
Total		**46,606**	**100**						

[1] Y – Yes, activity is taxonomy-eligible and taxonomy-aligned with the relevant environmental objective
N – No, activity is taxonomy-eligible but not taxonomy-aligned with the relevant environmental objective
EL – 'Eligible': activity is taxonomy-eligible for the respective environmental objective
N/EL – 'Not eligible': activity is not taxonomy-eligible for the respective environmental objective

A 4.2.1/2

Taxonomy Turnover Reporting

	DNSH criteria ('Does Not Significantly Harm')									
Economic activities	Climate change mitigation	Climate change adaptation	Water	Pollution	Circular economy	Biodiversity	Minimum safeguards	Proportion of taxonomy-aligned (A.1) or -eligible (A.2) turnover 2023	Category enabling activity	Category transitional activity
	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T
A. Taxonomy-eligible activities										
A.1 Environmentally sustainable activities (taxonomy-aligned)										
Turnover of environmentally sustainable activities (taxonomy-aligned) (A.1)								**0**		
Of which enabling								0		
Of which transitional								0		
A.2 Taxonomy-eligible but not environmentally sustainable activities (not taxonomy-aligned activities)										
Manufacture of medicinal products	–	–	–	–	–	–	–	38.4		
Turnover of taxonomy-eligible but not environmentally sustainable activities (not taxonomy-aligned activities) (A.2)								**38.4**		
Turnover of taxonomy-eligible activities (A.1+A.2)										
B. Taxonomy-non-eligible activities										
Turnover of taxonomy-non-eligible activities										
Total										

A 4.2.1/3

Proportion of Turnover per Environmental Objective

	Proportion of turnover/total turnover	
%	**Aligned per objective**	**Eligible per objective**
Climate change mitigation (CCM)	0	0
Climate change adaptation (CCA)	0	0
Water and marine resources (WTR)	0	0
Circular economy (CE)	0	0
Pollution prevention and control (PPC)	0	38.7
Biodiversity and ecosystems (BIO)	0	0

Reporting on capital expenditure
The capital expenditure metric is determined according to the requirements of EU taxonomy. The capital expenditure denominator for 2024 comprised investments in and acquisitions of property, plant and equipment and intangible assets. Acquired goodwill is not taken into account under the EU taxonomy. For detailed information, please see Chapter B Notes [14] and [15].

The taxonomy-eligible capital expenditure is determined by linking the capital expenditure undertaken with the taxonomy-eligible products (Category a). Capital expenditure that cannot be clearly assigned is taken into consideration on the basis of allocation keys. Capital expenditures for the purchase of products from taxonomy-eligible economic activities or for measures to reduce greenhouse gas emissions (Category c) are also included in this figure.

Furthermore, at present there is no process in place for reliably verifying the acquisition of taxonomy-aligned products in Category c. The procedure for the remaining capital expenditure in connection with the environmental objective climate change mitigation is described below.

We examine whether or not an economic activity contributes substantially to climate change mitigation based on the individual asset. To rule out significant harm being caused to other environmental objectives, we assess the respective criteria at various levels. The criteria for climate change adaptation are assessed at site level, while the in some cases highly granular requirements for the other environmental objectives are examined at the individual asset level.

Compliance with the minimum safeguards is examined at Group level. The assessment takes into consideration existing corporate policies and risk management processes relating to human rights, compliance, anticorruption and other aspects.

We incurred taxonomy-eligible capital expenditure (CapEx) of €549 million in 2024 (2023: €543 million). Taxonomy-non-eligible capital expenditure amounted to €2,722 million (2023: €2,798 million). The proportion of taxonomy-eligible capital expenditure therefore came to 16.7% (2023: 16.3%). We were once again unable to identify any taxonomy-aligned capital expenditure (2023: €0 million).

The total capital expenditure identified as being taxonomy-eligible and taxonomy-aligned is shown in the following table:

A 4.2.1/4

Taxonomy CapEx Reporting

		Fiscal year 2024		Substantial contribution criteria[1]					
Economic activities	Code	CapEx	Proportion of CapEx 2024	Climate change mitigation	Climate change adaptation	Water	Pollution	Circular economy	Biodiversity
		€ million	%	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL
A. Taxonomy-eligible activities									
A.1 Environmentally sustainable activities (taxonomy-aligned)									
CapEx of environmentally sustainable activities (taxonomy-aligned) (A.1)		**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Of which enabling		0	0	0	0	0	0	0	0
Of which transitional		0	0	0					
A.2 Taxonomy-eligible but not environmentally sustainable activities (not taxonomy-aligned activities)									
				EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL
Production of heat/cooling from bioenergy	CCM 4.24	12	0.4	EL	N/EL	N/EL	N/EL	N/EL	N/EL
Construction, extension and operation of water collection, treatment and supply systems	CCM 5.1	1	0	EL	N/EL	N/EL	N/EL	N/EL	N/EL
Renewal of wastewater collection and treatment	CCM 5.4	0	0	EL	N/EL	N/EL	N/EL	N/EL	N/EL
Transport by motorbikes, passenger cars and light commercial vehicles	CCM 6.5	27	0.8	EL	N/EL	N/EL	N/EL	N/EL	N/EL
Construction of new buildings	CCM 7.1	76	2.3	EL	N/EL	N/EL	N/EL	N/EL	N/EL
Renovation of existing buildings	CCM 7.2	22	0.7	EL	N/EL	N/EL	N/EL	N/EL	N/EL
Installation, maintenance and repair of energy efficiency equipment	CCM 7.3	3	0.1	EL	N/EL	N/EL	N/EL	N/EL	N/EL
Installation, maintenance and repair of renewable energy technologies	CCM 7.6	1	0	EL	N/EL	N/EL	N/EL	N/EL	N/EL
Acquisition and ownership of buildings	CCM 7.7	0	0	EL	N/EL	N/EL	N/EL	N/EL	N/EL
Manufacture of medicinal products	PPC 1.2	407	12.4	N/EL	N/EL	N/EL	EL	N/EL	N/EL
CapEx of taxonomy-eligible but not environmentally sustainable activities (not taxonomy-aligned activities) (A.2)		**549**	**16.7**	**4.3**	**0**	**0**	**12.4**	**0**	**0**
CapEx of taxonomy-eligible activities (A.1+A.2)		**549**	**16.7**	**4.3**	**0**	**0**	**12.4**	**0**	**0**
B. Taxonomy-non-eligible activities									
CapEx of taxonomy-non-eligible activities		**2,722**	**83.3**						
Total		**3,271**	**100**						

[1] Y – Yes, activity is taxonomy-eligible and taxonomy-aligned with the relevant environmental objective
N – No, activity is taxonomy-eligible but not taxonomy-aligned with the relevant environmental objective
EL – 'Eligible': activity is taxonomy-eligible for the respective environmental objective
N/EL – 'Not eligible': activity is not taxonomy-eligible for the respective environmental objective

A 4.2.1/5

Taxonomy CapEx Reporting

	DNSH criteria ('Does Not Significantly Harm')									
Economic activities	Climate change mitigation	Climate change adaptation	Water	Pollution	Circular economy	Biodiversity	Minimum safeguards	Proportion of taxonomy-aligned (A.1) or -eligible (A.2) CapEx 2023	Category enabling activity	Category transitional activity
	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T
A. Taxonomy-eligible activities										
A.1 Environmentally sustainable activities (taxonomy-aligned)										
CapEx of environmentally sustainable activities (taxonomy-aligned) (A.1)								**0**		
Of which enabling								0		
Of which transitional								0		
A.2 Taxonomy-eligible but not environmentally sustainable activities (not taxonomy-aligned activities)										
Production of heat/cooling from bioenergy	–	–	–	–	–	–	–	0		
Construction, extension and operation of water collection, treatment and supply systems	–	–	–	–	–	–	–	0		
Renewal of wastewater collection and treatment	–	–	–	–	–	–	–	0.1		
Transport by motorbikes, passenger cars and light commercial vehicles	–	–	–	–	–	–	–	1.0		
Construction of new buildings	–	–	–	–	–	–	–	0		
Renovation of existing buildings	–	–	–	–	–	–	–	0.6		
Installation, maintenance and repair of energy efficiency equipment	–	–	–	–	–	–	–	0		
Installation, maintenance and repair of renewable energy technologies	–	–	–	–	–	–	–	0		
Acquisition and ownership of buildings	–	–	–	–	–	–	–	0.5		
Manufacture of medicinal products	–	–	–	–	–	–	–	14.1		
CapEx of taxonomy-eligible but not environmentally sustainable activities (not taxonomy-aligned activities) (A.2)								**16.3**		
CapEx of taxonomy-eligible activities (A.1+A.2)										
B. Taxonomy-non-eligible activities										
CapEx of taxonomy-non-eligible activities										
Total										

A 4.2.1/6

Proportion of CapEx per Environmental Objective

	Proportion of CapEx/total CapEx	
%	**Aligned per objective**	**Eligible per objective**
Climate change mitigation (CCM)	0	4.3
Climate change adaptation (CCA)	0	0
Water and marine resources (WTR)	0	0
Circular economy (CE)	0	0
Pollution prevention and control (PPC)	0	12.4
Biodiversity and ecosystems (BIO)	0	0

Reporting on operating expenditure

Our operating expenditure with respect to research and development, short-term leasing, and maintenance and repair amounted to €7,176 million in 2024 (2023: €7,204 million).

Taxonomy-eligible operating expenditure amounted to €176 million (2023: €161 million), and taxonomy-non-eligible operating expenditure amounted to €7,000 million (2023: €7,043 million). The proportion of taxonomy-eligible operating expenditure therefore came to 2.5% (2023: 2.2%). We were unable to identify any taxonomy-aligned operating expenditure.

The total operating expenditure identified as being taxonomy-eligible and taxonomy-aligned is shown in the following table:

A 4.2.1/7

Taxonomy OpEx Reporting

		Fiscal year 2024		Substantial contribution criteria[1]					
Economic activities	**Code**	**OpEx**	**Proportion of OpEx 2024**	**Climate change mitigation**	**Climate change adaptation**	**Water**	**Pollution**	**Circular economy**	**Biodiversity**
		€ million	%	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL
A. Taxonomy-eligible activities									
A.1 Environmentally sustainable activities (taxonomy-aligned)									
OpEx of environmentally sustainable activities (taxonomy-aligned) (A.1)		**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Of which enabling		0	0	0	0	0	0	0	0
Of which transitional		0	0	0					
A.2 Taxonomy-eligible but not environmentally sustainable activities (not taxonomy-aligned activities)									
				EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL
Manufacture of medicinal products	PPC 1.2	176	2.5	N/EL	N/EL	N/EL	EL	N/EL	N/EL
OpEx of taxonomy-eligible but not environmentally sustainable activities (not taxonomy-aligned activities) (A.2)		**176**	**2.5**	**0**	**0**	**0**	**2.5**	**0**	**0**
OpEx of taxonomy-eligible activities (A.1+A.2)		**176**	**2.5**	**0**	**0**	**0**	**2.5**	**0**	**0**
B. Taxonomy-non-eligible activities									
OpEx of taxonomy-non-eligible activities		**7,000**	**97.5**						
Total		**7,176**	**100**						

[1] Y – Yes, activity is taxonomy-eligible and taxonomy-aligned with the relevant environmental objective
N – No, activity is taxonomy-eligible but not taxonomy-aligned with the relevant environmental objective
EL – 'Eligible': activity is taxonomy-eligible for the respective environmental objective
N/EL – 'Not eligible': activity is not taxonomy-eligible for the respective environmental objective

A 4.2.1/8

Taxonomy OpEx Reporting

	DNSH criteria ('Does Not Significantly Harm')									
Economic activities	Climate change mitigation	Climate change adaptation	Water	Pollution	Circular economy	Biodiversity	Minimum safeguards	Proportion of taxonomy-aligned (A.1) or taxonomy-eligible (A.2) OpEx 2023	Category enabling activity	Category transitional activity
	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T
A. Taxonomy-eligible activities										
A.1 Environmentally sustainable activities (taxonomy-aligned)										
OpEx of environmentally sustainable activities (taxonomy-aligned) (A.1)								**0**		
Of which enabling								0		
Of which transitional								0		
A.2 Taxonomy-eligible but not environmentally sustainable activities (not taxonomy-aligned activities)										
Manufacture of medicinal products	–	–	–	–	–	–	–	2.2		
OpEx of taxonomy-eligible but not environmentally sustainable activities (not taxonomy-aligned activities) (A.2)								**2.2**		
OpEx of taxonomy-eligible activities (A.1+A.2)										
B. Taxonomy-non-eligible activities										
OpEx of taxonomy-non-eligible activities										
Total										

A 4.2.1/9

Proportion of OpEx per Environmental Objective

	Proportion of OpEx/total OpEx	
%	**Aligned per objective**	**Eligible per objective**
Climate change mitigation (CCM)	0	0
Climate change adaptation (CCA)	0	0
Water and marine resources (WTR)	0	0
Circular economy (CE)	0	0
Pollution prevention and control (PPC)	0	2.5
Biodiversity and ecosystems (BIO)	0	0

4.2.2 Climate Change

As a science-based company, we acknowledge global human-made climate change. Our healthcare and agriculture business areas are impacted by climate change, but can also be part of the solution in fighting the impacts of climate change.

Strategy

Bayer's updated climate protection strategy is directly related to our double materiality assessment, and is based on our scenario analysis. At the core of Bayer's climate strategy is the Transition and Transformation Plan, which was published for the first time in 2024 and represents an update of our climate program from 2020.

Our Transition and Transformation Plan for climate protection [E1-1]

Our climate strategy comprises two subject areas – reduction of greenhouse gas emissions and climate change adaptation, with the latter including the issue of access. Both areas are incorporated into our transition and transformation strategies:

Transition: To mitigate climate change, we are pursuing the goal of achieving net zero greenhouse gas emissions (net zero target) by 2050, including the entire value chain[18]. This means an at least 90% reduction in Scope 1, 2 and 3[19] greenhouse gas emissions compared with the base year 2019[20]. The remaining 10% greenhouse gas emissions should be offset by long-term emission credits[21]. In our Transition and Transformation Plan, we describe reduction levers, the policy for climate protection certificates, cooperation with special interest groups and the resilience of our value chain.

Transformation: Transformation encompasses market potentials as a result of climate change adaptation that we see in the areas of healthcare and agriculture, as well as access to our products and services, and a socially just transition. At the same time, we want to help reduce greenhouse gas emissions from agriculture in the long term with innovative solutions.

Through our Transition and Transformation Plan, we support the Paris Agreement and the objective of limiting global warming to 1.5 °C compared with the preindustrial level.

Our climate strategy is anchored in our business strategy. The Chairman of the Board of Management (CEO) holds responsibility for climate protection in his role as Chief Sustainability Officer. The leadership teams of the individual divisions assume responsibility for the transformation of our business fields and the creation of value from the changing conditions. The attainment of our Group targets for reducing greenhouse gases is factored into the long-term compensation of the Board of Management and Bayer's LTI-entitled managerial employees. The compensation-relevant target is based on Bayer's necessary contribution to a Science Based Targets (SBTi)-validated 1.5 °C scenario. Furthermore, the establishment and implementation of our strategy and the related activities are overseen by the ESG Committee of the Supervisory Board. In addition, the independent external Sustainability Council that was established in 2020 advises the Board of Management in all matters relating to sustainability – including climate protection.

[18] Total Scope 1, Scope 2 and Scope 3 greenhouse gas emissions. Comprises direct (Scope 1) and indirect (Scope 2, market-based) greenhouse gas emissions from Bayer sites with an annual energy consumption exceeding 1.5 terajoules. Scope 3 includes all categories defined in the GHG Protocol.

[19] When accounting for greenhouse gases, we distinguish between Scope 1 (direct emissions from our own sources), Scope 2 (indirect emissions from the procurement of energy) and Scope 3 (indirect emissions from the entire value chain).

[20] Comprises direct (Scope 1) and indirect (Scope 2, market-based) greenhouse gas emissions from Bayer sites with an annual energy consumption exceeding 1.5 terajoules. The target includes biogenic, land-related emissions and the degradation of greenhouse gases from bioenergy raw materials. For the calculation of Scope 3 greenhouse gas (GHG) emissions in the base year for the net zero target, we currently use eight Scope 3 categories according to the GHG Protocol: (3.1) purchased goods and services, (3.2) capital goods, (3.3) fuel- and energy-related activities, (3.4) upstream transportation and distribution, (3.5) waste generated in operations, (3.6) business travel, (3.7) employee commuting and (3.12) end-of-life treatment of sold products.

[21] The neutralization of the remaining emissions is carried out in accordance with the standards of the Science Based Targets initiative.

The Board of Management is supported by the Public Affairs, Sustainability & Safety Enabling Function in cooperation with the sustainability and specialist departments of the divisions. The divisions handle the operational implementation of the measures at their sites, in the research departments and in the strategy departments, with the support of the enabling functions. We have formed Group-wide working groups for the strategic and operational implementation of climate-change-related measures and a special working group to analyze various climate scenarios and their impacts on our business. The Transition and Transformation Plan was confirmed by the Chairman of the Board of Management (CEO) and the ESG Committee of the Supervisory Board.

In developing the Transition and Transformation Plan, we utilized the standards of the Transition Plan Taskforce and CDP.

Transition: our targets to reduce greenhouse gas emissions
A core element of our Transition and Transformation Plan is the reduction of greenhouse gas emissions compared with the base year 2019. We already reduced total direct greenhouse gas emissions (Scope 1) and indirect greenhouse gas emissions (Scope 2, market-based) by 21.3% between 2019 and 2024 at those of our sites where energy consumption exceeds 1.5 terajoules.

The following main levers to further reduce total direct emissions (Scope 1), indirect emissions (Scope 2, market-based) and emissions in the value chain from 2025 to 2029 are described below:

// Through the conversion to 100% electricity from renewable energies, if possible, we expect a further 17 percentage points contribution to reducing total Scope 1 and Scope 2 greenhouse gas emissions by 2029 (compared with the base year 2019).
// Through energy efficiency and production process optimization and electrification, we expect a further reduction contribution in total Scope 1 and Scope 2 greenhouse gas emissions of 2 percentage points by 2029 (compared with the base year 2019).
// Through decarbonization of additionally purchased indirect energy sources (heating, cooling), we expect a further reduction contribution in total Scope 1 and Scope 2 greenhouse gas emissions of 2 percentage points by 2029 (compared with the base year 2019).
// By 2030, we aim to switch our fleet of currently some 23,000 vehicles over to electric vehicles wherever technically and economically feasible. We expect a reduction contribution in total Scope 1 and Scope 2 greenhouse gas emissions of 1 percentage point here by 2029 (compared with the base year 2019).

We reduced greenhouse gas emissions in the value chain (Scope 3[22]) by 12.7% between 2019 and 2024.

// We plan to reduce our Scope 3 greenhouse gas emissions by 4.2 percentage points by 2029 (compared with the base year 2019) in cooperation with our suppliers.
// With regard to individual Scope 3 activities, including warehousing, transport, travel and packaging, we expect a further reduction contribution in Scope 3 greenhouse gas emissions of 3.6 percentage points by 2029 (compared with the base year 2019).

In addition, new technologies – including carbon capture and storage (CCS) – will be needed both for our own sites and along our value chain to achieve the net zero greenhouse gas emission target by 2050. Beyond the decarbonization of our own activities, we can make an additional contribution by supporting climate protection projects and promoting our concept of regenerative agriculture and innovations in agriculture.

[22] The reduction refers to the five Scope 3 greenhouse gas emissions categories relevant to us: (3.1) purchased goods and services, (3.2) capital goods, (3.3) fuel- and energy-related activities, (3.4) upstream transportation and distribution and (3.6) business travel.

To achieve our total Scope 1 and Scope 2 greenhouse gas emissions reduction target by 2029, capital expenditure in our buildings, plants or processes at the sites will also be necessary in the future. Both Scope 1 greenhouse gas emissions from the burning of fossil fuels and Scope 2 greenhouse gas emissions from more energy-efficient use of secondary energy sources can be reduced through more modern and energy-efficient buildings, plants and processes. The necessary capital expenditures are incurred, for example, through the renovation of buildings and the replacement of production machinery. We implemented numerous such projects between 2019 and 2024 that had a positive impact on our Scope 1 or Scope 2 greenhouse gas emissions overall. We expect the capital expenditures necessary for investment in our buildings, plants or processes at our sites to achieve further reductions through 2029 to total up to €200 million in the coming years. This amount is accounted for in our divisions' capital expenditure budgets. When we published our climate target in 2019, we had estimated the capital expenditures necessary to achieve the reduction targets through 2029 to total €500 million. In preparing our reporting according to ESRS in 2024, we newly estimated the future capital expenditures and updated the assumptions from 2019. The capital expenditures needed to achieve our ambitious climate target of net zero greenhouse gas emissions in 2050 are subject to various uncertainties due to the long timeframe, which is why we currently are not publishing any possible capital expenditure costs for the years after 2029. No capital expenditures are currently planned for the coming years to implement our short-term measures to reduce Scope 3 greenhouse gas emissions because most of these measures involve specific requirements of our suppliers, such as the use of renewable energies for their production processes, or they pertain to a switch in suppliers that we will initiate.

We review the future viability of our product portfolio, processes and activities, including as regards climate change. Like other manufacturing companies, we have potentially locked-in greenhouse gas emissions in connection with production at our sites. We currently expect that our potential locked-in emissions will not jeopardize the attainment of our 2029 climate targets. We will examine the potential locked-in emissions through 2050 in the future.

For fiscal 2024, we were unable to identify any EU taxonomy-aligned sales, capital expenditures or operating expenditures related to climate. We therefore cannot correlate our capital expenditures and funding for the implementation of the described Transition and Transformation Plan to the taxonomy-specific performance indicators. We also did not disclose any capital expenditure plans according to Commission Delegated Regulation (EU) 2021/2178. We have not been notified for 2024 that we have been excluded from the EU Paris-Aligned Benchmark.

With the greenhouse gas emissions reductions achieved so far, we are currently on track to meet the SBTi-validated decarbonization targets. We reduced Scope 1 and Scope 2 greenhouse gas emissions by 21.3% and Scope 3 greenhouse gas emissions by 12.7%[23] compared with the base year 2019. To attain our long-term targets pertaining to net zero greenhouse gas emissions in 2050, we depend on the development of the industry as a whole and on political framework conditions.

Extreme weather events or changing climatic conditions can have negative impacts at upstream production sites in the supply chain, at our own sites and in the downstream supply chain. To reduce these impacts and maintain the availability of our products, we take this into account for relevant cases in business continuity plans, take out insurance coverage, invest in modernization measures and undertake other activities, for example in our procurement strategies. These risks are accounted for in our company-wide risk management process as part of our enterprise risk management (ERM) system.

[23] The reduction refers to the five Scope 3 greenhouse gas emissions categories relevant to us: (3.1) purchased goods and services, (3.2) capital goods, (3.3) fuel- and energy-related activities, (3.4) upstream transportation and distribution and (3.6) business travel.

Transformation: product innovations as a solution and opportunity
Our business areas can be part of the solution when it comes to adapting to the effects of climate change. This is how we can help to reduce the negative impacts that climate change has, particularly on our agricultural customers. We are working on numerous innovations, particularly in the areas of new varieties, biotechnology, small molecules, biologicals, digital farming and systems for our concept of regenerative agriculture. We want to contribute to achieve long-term food security with our concept of regenerative agriculture. Climate change also has significant impacts on human health. We are therefore working on innovative solutions in the Pharmaceuticals and Consumer Health divisions. Our research and development activities focus on the cardiovascular system, women's healthcare, respiratory diseases, allergies and nutritional supplements. Through our Leaps by Bayer program, we invest in future-oriented ideas across all divisions that also address the challenges presented by climate change. Both the transition and the transformation of industry and society are a societal task that we are working on across value chains together with our stakeholders.

Material impacts, risks and opportunities and their interaction with strategy and business model [E1.SBM-3]

Three climate risks were identified through our double materiality assessment:

// Physical climate risk: disruption of the value chain and production processes due to extreme weather events and climate-related natural disasters caused or exacerbated by climate change
// Physical climate risk: decline in demand and associated losses of sales for certain products because the current product range is not fully aligned to the future requirements resulting from the effects of climate change (such as shifts in cultivation regions for certain plants and shifts in demands on products)
// Transitory climate risk: capital expenditure requirement for adaptation of product processes to our reduction targets depending on regulations, legislation or availabilities, e.g. as regards the emission of greenhouse gases during production processes (such as emissions trading systems)

For a number of years now, we have conducted a climate-based scenario analysis that encompasses elements of a resilience analysis and with which we analyze the impacts, risks and opportunities of climate change for our entire business from various perspectives. In our analysis we focus on the impacts on our businesses, especially agriculture. This enables us to assess the findings relative to our company and integrate them into our strategy, enterprise risk management (ERM) system and actions. We constantly work to adapt our products, services and production to the impacts of climate change. This also includes a consideration of the short-, medium- and long-term future. We do not currently see any restrictions on the ability to rededicate, modernize or close existing assets, shift product and service portfolios, and retrain workers. Indeed, we see possible opportunities for our products and services when they are used by our customers as part of climate adaptation strategies, such as in the seed business. We continued and expanded our scenario analysis in 2024. The results and focal points of the analyses are directly integrated into our business strategy.

In the climate-related scenario analysis, which also covers the resilience of our business fields, we go beyond the 10-year horizon of our ERM system and the horizon of the double materiality assessment, and use the following time horizons:

// Short-term: from today through 2027
// Medium-term: from 2028 through 2035
// Long-term: from 2036 through 2050

We use the scenarios to understand the impacts of climate change on our business and to identify actions for mitigating climate-related risks and leveraging opportunities. This is how we also measure the future viability of our business fields.

Our scenario analysis, which encompasses elements of a resilience analysis, has a twofold focus:

// Overarching opportunity and risk assessment for the Bayer Group and its individual business areas, including the upstream, downstream and our own value chains
// In the Crop Science Division, we further developed an agricultural climate model to analyze the impacts on agricultural productivity in relation to the different scenarios. A variety of projects and workshops are additionally carried out with the individual business areas.

To conduct the scenario analysis, we deployed a cross-functional and cross-divisional team to evaluate the possible impacts of climate change based on two scenarios. First of all, the scenarios were described, the most important drivers were then established, and, finally, actions were defined to reduce risks and realize opportunities. Examples here include the implementation of our net zero strategy and the focus on our concept of regenerative agriculture.

We have based our scenario descriptions on Assessment Report 6 of the Intergovernmental Panel on Climate Change (IPCC) and supplemented them with further sources relevant to our business areas. The basis comprises the optimistic climate change scenario envisaging warming of below 1.5 °C – the Green Road SSP1-1.9, which equates to the fulfillment of the climate goals of the Paris Agreement (temperature increase of 1.4 °C by 2100 compared with the preindustrial age) – and a scenario that reflects current global behavior – the Rocky Road SSP3-7.0 (temperature increase of 3.6 °C).

Green Road (SSP1-1.9)

// The Green Road scenario assumes a rise in average global temperature compared with the preindustrial age of 1.6 °C by between 2041 and 2060. Between 2081 and 2100, the temperature is likely to have risen by 1.4 °C compared with the preindustrial age.
// This scenario is marked by the rapid implementation of ambitious and globally coordinated climate-related laws and rules that can also include transformational requirements and new regulations for companies in the short term. The rapid reduction in greenhouse gas emissions leads to less severe weather- and climate-related effects.

Rocky Road (SSP3-7.0)

// The Rocky Road scenario assumes the rise in average global temperature compared with the preindustrial age to be around 2.1 °C by between 2041 and 2060, and probably 3.6 °C by between 2081 and 2100.
// In this scenario, we expect less ambitious laws and provisions that vary widely from one region to another. That leads to a slower pace of emissions reduction and thus more intensive weather- and climate-related changes in all regions of the world. The varying levels of ambition also lead to additional trade barriers that can be manifested in measures such as a Carbon Border Adjustment Mechanism (CBAM).

In 2024, we also further developed our own agricultural climate model to analyze impacts on agricultural productivity in relation to the different scenarios. At the same time, we can use this climate model for various other analyses; for example, as a useful extension of specific analyses on the impacts and opportunities of climate change as regards our business activities in agriculture.

The results and strategic implications of the climate-related scenario analysis are directly accounted for in our climate strategy and thus in our Transition and Transformation Plan. Based on the scenario description, we have identified 10 climate impact drivers of materiality to enable us to analyze the impacts regulatory and physical changes will have on our business in more detail. The transitory drivers are regulatory requirements, CO_2 prices/taxes and border adjustment, agricultural innovation and cultivation methods, commodity prices, end-consumers and customers, and food security. As regards the physical climate drivers, we take into account acute extreme weather events and three chronic physical drivers, namely the water cycle, diseases and temperature changes.

Transitory climate impact drivers: Based on the Paris Agreement, the most important countries and regions in which we operate have committed to limiting global warming by reducing their greenhouse gas emissions. Through our strategy for decarbonization, with a focus on reducing greenhouse gas emissions on the pathway to a 1.5 °C scenario, we are reducing the risk of additional costs being caused by the expected regulations. At the same time, the rules, innovation and implementation in agriculture are of particular importance. We continuously analyze the further impacts of regulatory changes on our business and integrate them into our business and planning. Depending on the various scenarios, our customers and value chains will place different demands on our products. Carbon prices not only affect the cost structure of our value chain, but could also impact demand for biomass or biofuels. We also analyzed the issues of raw material prices and food security, as high uncertainty is expected here, particularly in a Rocky Road scenario.

Acute physical climate impact drivers: All climate models anticipate an increase in extreme weather conditions (such as drought, heavy rains and storms) that present an elevated risk of crop losses and therefore also pose risks for the agricultural value chain as a whole. In addition to risks, however, climate change can also create opportunities for our business. Our product range and innovative capability – particularly in the agricultural value chain – will create a foundation for leveraging new options and sales opportunities in the future against the background of climate change. As a seed producer, we already offer plants with increased resistance to extreme weather conditions. That includes short-stature corn. Through breeding, we have succeeded in developing seed hybrids that enable the growth of shorter corn plants that have the potential to not bend or break (agronomists call this root and stalk lodging) as easily as corn plants of regular height in the presence of strong winds or heavy rain. Losses in the United States due to bent (lodged) plants amount to between 5% and 25% a year, depending on the severity of weather events. We also enable farmers to react better and more quickly to extreme weather conditions with our FieldView™ digital farming platform.

Chronic physical climate impact drivers: The long-term natural and physical effects of climate change will have a particular impact on the permanent water cycle (for example through a transition to a wetter or drier climate or a delay in the monsoon season), the spread of diseases and insect pests, and further coupling effects of temperature changes. These effects will be particularly relevant for our agricultural business. We develop strategies to help farmers increase their resilience against the effects of climate change. At the same time, we want to help farmers reduce their own greenhouse gas emissions and cultivate healthy crops. As there are no uniform solutions in agriculture, farmers need numerous options from which they can select the most suitable for their fields and the prevailing local conditions. In addition, health risks such as cardiovascular disease can also intensify due to hotter summer months or more frequent heatwaves. This could create increased demand for products for cardiovascular disease or nutritional supplements.

The results of the scenario analysis are regularly reviewed within the scope of our ERM system. Mitigation measures are established in the respective divisions or enabling functions. Our scenario analysis did not identify any business activities that are incompatible with the transition to a climate-neutral economy.

As data models and findings on climate change are continuously evolving, we will expand and refine our scenario description and analysis in 2025 and thereafter. At the same time, we are deepening our analytical skills and expanding our climate models, for example so as to better understand how various climatic zones are changing. We expect this to enable us to optimally describe the challenges and opportunities for the future so that we can deduce short-, medium- and long-term mitigation steps.

Management of impacts, risk and opportunities in relation to reducing greenhouse gas emissions

With regard to climate change, we have both positive and negative impacts. On the negative side, we have potential impacts through greenhouse gas emissions and energy consumption resulting along the entire value chain from production activities, mining and the end of products' service life. There are also negative impacts as a result of the use of fossil fuels along the value chain, particularly in the chemical industry. In the area of greenhouse gas emissions reduction measures, there are transitory risks necessitating significant investment to adapt production processes to the envisaged ambition level and ensure compliance with possible new regulations, laws and guidelines, such as those related to the emission of greenhouse gases during production processes as part of emissions trading systems. In connection with our reduction targets for greenhouse gas emissions, we assessed and budgeted for our capital expenditure requirement through 2029. The capital expenditures needed to achieve our ambitious climate target of net zero greenhouse gas emissions in 2050 are subject to various uncertainties due to the long

timeframe, which is why we currently are not publishing any possible capital expenditure costs for the years after 2029. We continuously observe the markets and technologies to react to this risk. For more details on our capital expenditure requirements related to the reduction of greenhouse gas emissions, please see the section “Transition: our targets to reduce greenhouse gas emissions” in Chapter A 4.2.2 Climate Change.

Beyond our direct sphere of influence, there are potential environmental impacts due to greenhouse gas emissions along the value chain, mainly through industrial agriculture, including changed land use, livestock farming, biofuels and food losses. As part of the value chain, we selectively provide inputs and thus contribute partly to greenhouse gas emissions reduction within the downstream value chain. Reducing these greenhouse gas emissions and improving soil health through carbon capture present opportunities for new activities in the area of regenerative agriculture.

Policies related to the reduction of greenhouse gas emissions [E1-2]

Our most important framework for the management principles we utilize to make decisions in the area of climate mitigation and adaptation is our Transition and Transformation Plan. This plan is a central element of our overall strategy, and establishes targets and actions for the transition to low-carbon business activities, including the reduction of our greenhouse gas emissions in line with the Paris Agreement with the objective of limiting global warming to 1.5 °C compared to the pre-industrial value. For this reason, we do not report on any other concepts in the area of climate protection. For more information on our Transition and Transformation Plan, please see the section “Our Transition and Transformation Plan for climate protection [E1-1].”

Actions in relation to reducing greenhouse gas emissions for Scope 1 and Scope 2 through 2029 [E1-3]

The first step we have taken to attain our ambitious climate target of net zero greenhouse gas emissions in 2050 is the development of a roadmap through 2029 that comprises effective actions to reduce our greenhouse gas emissions. The most important actions in our roadmap through 2029 to reduce total Scope 1 and Scope 2 greenhouse gas emissions comprise the procurement of electricity from renewable energy sources, the improvement of energy efficiency in our production plants, facilities and buildings, the decarbonization of our sites and the conversion of our vehicle fleet to electromobility.

Procurement of electricity from renewable energy sources

We are currently converting our power supply and plan to derive all of our externally procured electricity from renewable sources by 2029. Here we take into account specific criteria such as additionality and geographic proximity to our sites. We currently already procure 39.5% of our total purchased electricity from renewable energy sources. We expect to achieve a further 17% reduction in our total Scope 1 and Scope 2 greenhouse gas emissions by 2029 (compared with the base year 2019) by converting our electricity procurement to renewable energy sources. This measure encompasses the global procurement of electricity from renewable sources to reduce our dependency on fossil fuels and increase the sustainability of our energy supply. We plan to transition completely to renewable electricity if regulatory and local circumstances permit this. This measure is scheduled to be fully completed by 2029. We assume we will purchase more electricity in the future due to the electrification of various processes and other actions.

We utilize various types of electricity procurement from renewable energy sources, depending on local conditions and legal requirements. In 2023, for example, we signed a long-term, structured renewable energy credit (REC) purchase agreement with Cat Creek Energy. Under the agreement, Cat Creek Energy will build several plants to produce power from renewable energies, as well as energy storage facilities, in the US state of Idaho. The agreement should enable energy from renewable sources to provide 40% of Bayer’s global and 60% of Bayer’s US procured power. According to the agreement, full capacity is expected to be reached during 2028. In 2024, we concluded agreements for electricity from renewable energy sources for Bayer’s German sites in Leverkusen, Dormagen, Monheim, Wuppertal, Darmstadt, Weimar, Bitterfeld, Bergkamen and Berlin. By 2029, some 300 GWh of wind and/or solar power should be supplied here from German energy parks.

Optimization of energy efficiency in our facilities and buildings
To reduce our greenhouse gas emissions, we plan to drive forward our energy efficiency and process optimization by 2029. The actions involve increasing the energy efficiency of our plants and buildings through process innovations, efficient technologies and optimized energy management systems. Certifications according to the international standards ISO 14001 (environmental management) and ISO 50001 (energy management) help to identify energy savings potential both in existing production processes and in the development of new production processes and the conversion of existing ones. These certifications enable us to manage and reduce energy consumption at our production sites. Each year, various measures are implemented at many of our sites. We expect a further 2% reduction in our Scope 1 and Scope 2 greenhouse gas emissions by 2029. The implementation of the measures depends on local circumstances, as well as technological developments. Prior to operational implementation, projects are subjected to a compulsory environmental assessment if they have a planned capital expenditure volume exceeding €10 million. Emissions reduction and efficiency measures are integral to these assessments. In 2024, we invested in heating, ventilation and air conditioning technology at the sites. We currently plan further capital expenditures of approximately €200 million in our plants and buildings to attain our climate targets in the coming years through 2029. This spending is accounted for in the capital expenditure budgets of the divisions. Operating expenditures related to energy efficiency are not being separately pursued.

Emissions reduction at our sites through the purchase of energy for heating and cooling
To achieve our ambitious climate target of net zero greenhouse gas emissions in 2050, we must also reduce emissions at our sites from utility services, particularly for heating and cooling. By 2029, we want to conclude individual agreements at various sites to procure low-emission utility services or those based on renewable energies. This measure is based on the use of climate-neutral technologies, including geothermal energy and greenhouse gas emission-free steam production. Implementation of this measure is scheduled to be fully completed by 2050. We expect the future measures to reduce total Scope 1 and Scope 2 greenhouse gas emissions by a further 2% (compared with the base year 2019). The implementation of the measures depends on local circumstances, as well as technological developments.

We are transitioning to energy from renewable sources that for the most part is not associated with additional costs. Where the purchase of energy from renewable sources is not possible in certain cases, additional costs could result from offsetting through green tariffs or the purchase of certificates.

Conversion of our vehicle fleet to electromobility
To further reduce our greenhouse gas emissions, we want to convert our vehicle fleet to electromobility by 2030 wherever possible. This affects about 23,000 vehicles worldwide. To validate our activities according to the criteria, we have joined the EV100 initiative of the Climate Group. So far, we have begun transitioning to electromobility in 50 countries (including Germany) that account for about 86% of our vehicle fleet. The proportion of hybrid and electric vehicles in our fleet is approximately 18%. The conversion will make an approximately 1% contribution to the reduction of our Scope 1 greenhouse gas emissions. We do not expect a significant impact on capital and operating expenditures due to the conversion of our vehicle fleet. The implementation of the measures depends on local circumstances (including availability of suitable vehicles and charging infrastructure), as well as technological developments.

Complementary climate protection certificates
We will offset the remaining greenhouse gas emissions from our own operational processes (Scope 1 and Scope 2) by 2030 by purchasing certificates from verified climate protection projects. The projects with which we aim to generate additional value toward global climate targets need to have a connection to our business. We currently mainly purchase certificates from projects focused on forest conservation and reforestation. We expect the latter to enable long-term CO_2 storage. In our purchasing activities, we have established specific criteria for procuring certificates from climate protection projects. In this process, we focus on nature-based climate solutions, preferably concerning forest conservation and agriculture projects. We will also invest in innovative projects to promote the development of voluntary emissions trading. The projects are implemented to offset our own emissions, and have a global reach. The most important factors in the procurement of climate protection certificates are the contribution they make to climate protection and the additionality of the supported project. The implementation of the measures depends on local circumstances, as well as the quality and availability of the certificates.

As protecting forests is one of the most important measures in terms of climate protection and conservation of biodiversity, we are a participant in the LEAF (Lowering Emissions by Accelerating Forest Finance) coalition. LEAF has collected more than €1.4 billion since 2021 to initiate the biggest public-private effort to protect the rainforests. We advocate enforcement of the corresponding laws to protect the Amazon rainforest. This also includes driving forward sustainable agriculture in Brazil to prevent further deforestation. Certificates from activities undertaken in connection with LEAF will be part of our certificate portfolio for the first time in 2025.

Actions in relation to reducing greenhouse gas emissions for Scope 3 through 2029 [E1-3]
Our goal is to reduce our Scope 3 greenhouse gas emissions in the value chain by 2029. Our roadmap for Scope 3 shows the underlying actions.

Cooperation with and selection of suppliers
To attain our objectives, we are intensifying our cooperation with suppliers, particularly as regards the transition to the use of renewable energies. This is not a one-off measure but instead takes place on an ongoing basis. We therefore constantly strive to increase transparency concerning the carbon footprint of the products we purchase within the value chain and in our reporting on Scope 3 greenhouse gas emissions. Our current assessment shows that the climate protection performance of our suppliers is still insufficient to attain our long-term targets for reducing Scope 3 greenhouse gas emissions. Of our 100 most important suppliers, who were responsible for 38% of Scope 3 greenhouse gas emissions in our upstream supply chain ((3.1) purchased goods and services, (3.2) capital goods and (3.4) upstream transportation and distribution) in 2024, 22 suppliers set short-term SBTi-reviewed targets. At the same time, we established an internal climate-related supplier segmentation that we use to track the individual activities of our suppliers. We strive to establish partnerships with suppliers who commit to reducing greenhouse gas emissions and to decarbonization, and aim to integrate internal CO_2 pricing into decision-making processes in the future. This measure should take place without a significant increase in our specific operating expenditures.

As the ability of one company on its own to reduce greenhouse gas emissions along the value chain is only limited, we have joined together with other companies within various initiatives. Together we aim to record greenhouse gas emissions and climate risks and develop reduction targets and strategies. One of the ways we do this is within the scope of the Together for Sustainability (TfS) initiative of the chemical industry. The goal is to standardize the calculation of a product carbon footprint (PCF) for the chemical industry. At the same time, an allocation approach is being developed for the product carbon footprint within the value chain. The plan is to share results from the TfS working group with the Partnership for Carbon Transparency (PACT) of the World Business Council for Sustainable Development (WBCSD). PACT develops climate approaches across industries. As a member of the WBCSD, we are working on suitable measures there as well. We also utilize the working group of the Pharmaceutical Supply Chain Initiative (PSCI) and participate in the Energize program as part of the pharmaceutical industry to discuss measures to reduce Scope 3 greenhouse gas emissions and help our suppliers use more renewable energy and put in place better measures. We expect to reduce more than 4.2% of our Scope 3 greenhouse gas emissions through this measure by 2029 (compared with the base year 2019). The success of this measure depends only indirectly on us, with the general regulatory and climate-specific transformation playing a more significant role here.

Procurement of electricity from renewable sources by our suppliers
We expect the transition to electricity from renewable sources to be a crucial lever for decarbonization both in our own operations and in those of our suppliers. For this reason, our suppliers should strive to procure 100% of their electricity from renewable sources by 2030 and continuously improve energy efficiency. Compliance with the procurement requirements spelled out in our Supplier Code of Conduct is especially important. These are based on the criteria of RE100 (a global initiative that brings together companies that have committed to cover their entire electricity demand from renewable sources). We will support our suppliers in this transition, especially within the context of our meetings with suppliers. In our supplier segmentation, we also integrate the share of electricity from renewable sources that our suppliers use. The implementation of the measures depends on local circumstances, as well as technological developments. We expect to reduce a further 2.6% of our Scope 3 greenhouse gas emissions through this measure by 2029 (compared with the base year 2019).

We are working together with our suppliers and partners on a number of solutions. In 2024, we switched, for example, from the supply of a standard solution by a supplier to a green alternative. This alternative utilizes 100% green electricity for the electrolysis of an important process step. This reduces CO_2 emissions by about 2,500 metric tons annually and does not result in any additional costs.

Use of electricity from renewable energies in warehousing and freight transport
Our warehousing and logistics suppliers play a major part in decarbonizing our supply chain. We engage in discussions and want to focus more intensively on the use of renewable energies and the electrification of their vehicle fleets. At the same time, we want to further optimize logistics and make greater use of digital technologies. As a member of the EcoTransIT World Initiative, we implemented the EcoTransIT system in 2023 to calculate and standardize transport-related greenhouse gas emissions worldwide. We work continuously to develop logistics concepts to reduce the associated greenhouse gas emissions. Here we are planning a reduction in air transport, as well as more logistics concepts involving rail and waterway transport that can therefore be operated with renewable energies. Road freight accounted for 98.1% of our transportation routes in 2024, while water and air freight each accounted for 0.9% and rail freight for 0.1%. The implementation of the measures depends on local circumstances, as well as technological developments. We expect to reduce a further 0.5% of our Scope 3 greenhouse gas emissions through this measure by 2029 (compared with the base year 2019). Furthermore, this measure will continue to be implemented through 2050.

Business travel and packaging
We want to review the greenhouse gas emissions from business travel, as well as greenhouse gas emissions associated with packaging, and impact them through various measures. Together with selected suppliers, we are investing in low-carbon packaging materials and services to accelerate decarbonization. In 2024, we became the first healthcare company to introduce a one-material blister pack made of polyethylene terephthalate (APET) for Aleve™. This reduces the carbon footprint of this packaging by 38% and has further positive environmental characteristics (including with respect to recycling) through the nonuse of polyvinyl chloride (PVC). This is accompanied by the transition from materials of fossil origin to plant-based materials.

We also want to reduce greenhouse gas emissions from business travel. Actions here include increased use of virtual meetings and a special information page for employees on the connection between travel and sustainability. The implementation of these measures depends on local circumstances, as well as further technological developments. We expect to be able to reduce a further 0.5% of our Scope 3 greenhouse gas emissions through these measures by 2029 (compared with the base year 2019). This package of measures will be continuously implemented even beyond 2029 and through 2050.

Actions in relation to reducing greenhouse gas emissions for Scope 1, 2 and 3 through 2050 [E1-3]

The attainment of our ambitious climate target of net zero greenhouse gas emissions in 2050 depends on numerous framework conditions. We have developed a roadmap on how we can reach the net zero target by 2050 or earlier.

Innovative and available technologies

The availability of renewable energies and innovative technologies on a large scale and at competitive costs, such as carbon capture, storage and utilization or the use of hydrogen to produce energy, is important for our long-term greenhouse gas emissions reduction. We monitor the availability continuously, and implementation in our plants and buildings depends on the progress and local circumstances. This is not a one-off measure but instead takes place continuously.

New products

We work on innovations in our products to continue to reduce the emissions associated with them in the future, for example by developing new synthesis routes.

One example is the research and development (R&D) of new radiology products, for which we have begun to introduce sustainability criteria according to a sustainability-by-design approach. We would like to examine the sustainability of future radiology products in various phases of R&D based on sustainability checkpoints. This is not a one-off measure but rather takes place continuously to introduce new products and innovations.

Residual and unavoidable emissions

We expect that there will likely still be some residual, unavoidable greenhouse gas emissions in our value chain in 2050. We plan to offset these emissions through long-term emissions reduction certificates.

Actions in relation to the reduction of greenhouse gas emissions in agriculture [E1-3]

According to a report of the Intergovernmental Panel on Climate Change (IPCC) published in March 2023, agriculture, forestry and other land use account for around 22% of global greenhouse gas emissions. This is both an opportunity and a risk for us. We see market potential for reducing global greenhouse gas emissions by up to one gigaton by applying the innovations and practices of our concept of regenerative agriculture and by introducing modified cultivation systems and services.

Reduction in agriculture

We promote the use of more climate-smart practices and technologies to help reduce greenhouse gas emissions from agriculture. These include high-yielding crop genetics, crop protection products, precision irrigation systems, soil management tactics through no-till and cover crops, crop rotation, fertilization management, microorganisms and soil inoculants, direct seeding and alternate wetting and drying in rice cultivation, and digital and precision farming tools. We are working continuously to implement these measures.

Management of impacts, risks and opportunities in relation to the adaptation of our business models

With regard to climate change, we have both positive and negative impacts, risks and opportunities. Global agriculture and food systems in particular are confronted with major challenges, such as climate change (particularly through adaptation), water scarcity and population growth. We promote a concept of regenerative agriculture (mainly downstream in our value chain). For us, regenerative agriculture is an outcome-based production model based on two key building blocks: productivity, which focuses on helping farms to produce more with less, and regeneration, which focuses on delivering a positive impact on nature. Key outcomes we strive for are yield increase and improved social and economic well-being of farmers and communities, and positive impact on nature, which can be achieved, for instance, by improving soil health, reducing on-field greenhouse gas emissions, and increasing carbon capture to mitigate climate change. The products and services we offer help farmers to optimally utilize their farmland, and thus contribute to food security and better adapt local agriculture to the respective environmental conditions going forward. We are only at the beginning of our journey toward regenerative agriculture. We also realize there is not one single solution for every farm, but instead a combination of different solutions that deliver a regenerative agriculture system and its benefits. Some of the innovations and solutions we have developed have the potential to advance the future of regenerative farming (e.g. short-stature corn, hybrid wheat, direct seeded rice).

In the area of climate change, we face both numerous risks and opportunities that could impact our operating activities. There are acute and chronic physical and transitory risks that could lead to a reduction in demand and corresponding sales declines for certain products in case the current product portfolio does not meet future customer requirements related to the effects of climate change (e.g. shift in production zones, altered product requirements). However, these challenges also result in opportunities. It is possible that extreme weather events and climate-related natural disasters could result in higher demand for products that are particularly suited to climate change adaptation in agriculture. The perception of the effects of climate change (e.g. extreme weather conditions, low water levels, rising temperatures) can also accelerate the development of new business models that help to reduce greenhouse gas emissions (including carbon farming, low-carbon products and products with low global warming potential).

There is also the opportunity of increased demand for products that help to cope with the negative effects of climate change, particularly in the prescription and nonprescription medicines and nutritional supplements of our Pharmaceuticals and Consumer Health divisions. As regards climate change adaptation, acute physical risks are caused by extreme weather events and climate-related natural disasters that could disrupt production processes and business practices along the entire value chain.

Policies in relation to the adaptation of our business models [E1-2]

Our most important framework for the management principles we utilize to make decisions in the area of climate change adaptation is our Transition and Transformation Plan. This plan is a central element of our overall strategy, and establishes targets and actions necessary to strengthen our company's resilience against the impacts of climate change. As the Transition and Transformation Plan comprises all significant aspects of our adaptation strategy, we do not report on any other concepts in the area of climate change adaptation. For more on our Transition and Transformation Plan, please see the section "Our Transition and Transformation Plan for climate protection [E1-1]."

Actions in relation to the adaptation of our business models [E1-3]

Global agriculture and food systems in particular are confronted with major challenges, such as climate change (in terms of both mitigation and adaptation), water scarcity and population growth. Climate change also has a major impact on health and healthcare systems. The effects of climate change are already proven and impact global value chains.

Innovative approaches for the adaptation of agriculture

We promote the use of innovative and adapted farming practices and technologies by our agricultural customers to help shape the adaptation of agriculture. These include high-yielding crop genetics, crop protection products, precision irrigation systems, soil management tactics through no-till and cover crops, crop rotation, fertilization management, microorganisms and soil inoculants, direct seeding and alternate wetting and drying in rice cultivation, and digital and precision farming tools. Combining different levers can lead to customized solutions for our agricultural customers so that they can continue to achieve high yields under changing climatic conditions. We are working continuously to implement these measures.

Development of our product portfolio
We continuously work on our product portfolio and invest in innovation. With regard to climate change, there is the opportunity of increased demand for products that help to cope with the negative effects of climate change, particularly in the prescription and nonprescription medicines and nutritional supplements of our Pharmaceuticals and Consumer Health divisions.

Business continuity in the value chain
As regards climate change adaptation, acute physical risks are caused by extreme weather events and climate-related natural disasters that could disrupt production processes and business practices along the entire value chain. We cooperate with our suppliers, particularly in the upstream value chain, and take out insurance coverage for our own production sites, and review our activities. We regularly review our actions to ensure business capability and production.

Metrics and targets in the area of climate change
We measure our target attainment based on metrics and thus make both our progress and challenges as regards climate change transparent.

Targets related to climate change mitigation and adaptation [E1-4]
Our climate protection objectives are focused on our reduction targets.

Scope 1, 2 and 3 reduction targets
To reduce our own greenhouse gas emissions and those along our value chain, we have established the following reduction targets.

Target 2024:
In 2020, we had set an interim target to be achieved at the midpoint of the target period up to 2029 (see below). Accordingly, by 2024, we aimed to achieve a 20% reduction of our combined Scope 1 and 2 greenhouse gas emissions[24] overall and a 6% reduction in Scope 3 greenhouse gas emissions (based on the five categories of Scope 3 greenhouse gas emissions according to the GHG Protocol that are relevant for us: (3.1) purchased goods and services, (3.2) capital goods, (3.3) fuel- and energy-related activities, (3.4) upstream transportation and distribution and (3.6) business travel). The base year for our reduction targets is 2019, at 3.79 million metric tons of CO_2 equivalents of combined Scope 1 and Scope 2 greenhouse gas emissions and 8.82 million metric tons of CO_2 equivalents of Scope 3 greenhouse gas emissions (based on the five categories of Scope 3 greenhouse gas emissions according to the GHG Protocol that are relevant for us: (3.1) purchased goods and services, (3.2) capital goods, (3.3) fuel- and energy-related activities, (3.4) upstream transportation and distribution and (3.6) business travel). These reduction targets were attained or the target set was exceeded, respectively, in 2024. Compared with the base year 2019, we reduced our combined Scope 1 and Scope 2 greenhouse gas emissions by 21.3% and our target-relevant Scope 3 greenhouse gas emissions by 12.7% in 2024. These targets on the reduction pathway validated according to the Science Based Targets initiative (SBTi) directly address the results of our double materiality assessment.

Targets 2029:
In 2020, we set ourselves a target of achieving a 42% reduction in absolute combined Scope 1 and 2 greenhouse gas emissions[24] compared with the base year 2019 by the year 2029. The base year for our reduction target is 2019, at 3.76 million metric tons of CO_2 equivalents. Our combined Scope 1 and 2 target was once again validated by the SBTi in 2024; it is commensurate with the target path of 1.5 °C. We will offset the remaining greenhouse gas emissions from our own operational processes from 2030 by purchasing certificates from verified climate protection projects, primarily in forestry and agriculture. Compared with the base year 2019, we reduced our combined Scope 1 and Scope 2 greenhouse gas emissions by 21.3% in 2024. We reduced our Scope 1 greenhouse gas emissions by 9.4% in 2024 compared with the base year 2019. This corresponds to a reduction of 0.20 million metric tons of CO_2 equivalents. We reduced our Scope 2 greenhouse gas emissions (market-based) by 36.8% in 2024 compared with the base year 2019. This corresponds to a reduction of 0.63 million metric tons of CO_2 equivalents.

[24] Comprises direct (Scope 1) and indirect (Scope 2, market-based) greenhouse gas emissions from Bayer sites with an annual energy consumption exceeding 1.5 terajoules. The target includes biogenic, land-related greenhouse gas emissions and the degradation of greenhouse gases from bioenergy raw materials.

In 2020, we set ourselves a target of achieving a 12.3% reduction in absolute Scope 3 greenhouse gas emissions compared with the base year 2019 by the year 2029. The reduction is based on the five categories of Scope 3 greenhouse gas emissions according to the GHG Protocol that are relevant for us: (3.1) purchased goods and services, (3.2) capital goods, (3.3) fuel- and energy-related activities, (3.4) upstream transportation and distribution and (3.6) business travel. We have not defined a target for each individual Scope 3 category, but rather have based the target on the sum of the target-relevant Scope 3 categories. This target was validated by the SBTi in 2020. Scope 3 greenhouse gas emissions from the five target-relevant Scope 3 categories amounted to 8.82 million metric tons of CO_2 equivalents in the base year 2019. Compared with the base year 2019, we reduced our target-relevant Scope 3 greenhouse gas emissions by 12.7% in 2024. This corresponds to a reduction of 1.12 million metric tons of CO_2 equivalents.

We want in the future to achieve a 25% reduction in Scope 3 greenhouse gas emissions by 2029 (compared with the base year 2019). This updated target for reducing Scope 3 greenhouse gas emissions was validated by the SBTi at the end of 2024. This reduction will be based on a modified number of relevant Scope 3 categories including the upstream and downstream value chain, thus going beyond the previous five categories. We will publish more details over the course of 2025. For more information on the Scope 3 categories, please see the section “Greenhouse gas emissions of Scope 1, 2 and 3 and total greenhouse gas emissions [E1-6].”

Net zero target 2050:

Our target is to achieve net zero greenhouse gas emissions including the entire value chain by 2050[25]. This corresponds to a 90% reduction in absolute Scope 1, 2 and 3 greenhouse gas emissions compared with the base year 2019[26]. We intend to offset the remaining greenhouse gas emissions (10%) through long-term carbon credits[27]. We will offset the residual emissions through certificates with long-term carbon capture. This target was validated in 2024 by the SBTi organization and is in line with the UN Sustainable Development Goals, the Paris Agreement to limit warming to 1.5 °C, and the Business Ambition for 1.5 °C of the UN Global Compact Initiative. Our target of net zero greenhouse gas emissions by 2050 is based on the absolute figure compared with the base year 2019 and also includes any future changes or fluctuations in our greenhouse gas emissions (e.g. due to changed production volumes). Our current calculations for the base year 2019 for our net zero target take into consideration eight Scope 3 categories according to the GHG Protocol due to the available data: (3.1) purchased goods and services, (3.2) capital goods, (3.3) fuel- and energy-related activities, (3.4) upstream transportation and distribution, (3.5) waste generated in operations, (3.6) business travel, (3.7) employee commuting and (3.12) end-of-life treatment of sold products. As a result, total greenhouse gas emissions (Scope 1, 2 and 3[26]) in the base year amounted to 13.78 million metric tons of CO_2 equivalents.

Compared with the base year 2019, we reduced our total greenhouse gas emissions (Scope 1, 2 and 3[26]) by 17.7% in 2024.This corresponds to a reduction of 2.43 million metric tons of CO_2 equivalents. For more information on the Scope 3 categories, please see the section “Greenhouse gas emissions of Scope 1, 2 and 3 and total greenhouse gas emissions [E1-6].”

[25] Total Scope 1, Scope 2 and Scope 3 greenhouse gas emissions. Comprises direct (Scope 1) and indirect (Scope 2, market-based) greenhouse gas emissions from Bayer sites with an annual energy consumption exceeding 1.5 terajoules. Scope 3 includes all Scope 3 categories defined in the GHG Protocol.

[26] Comprises direct (Scope 1) and indirect (Scope 2, market-based) greenhouse gas emissions emissions from Bayer sites with an annual energy consumption exceeding 1.5 terajoules. The target includes biogenic, land-related greenhouse gas emissions and the degradation of greenhouse gases from bioenergy raw materials. For the calculation of Scope 3 greenhouse gas (GHG) emissions in the base year for the net zero target, we currently use eight Scope 3 categories according to the GHG Protocol: (3.1) purchased goods and services, (3.2) capital goods, (3.3) fuel- and energy-related activities, (3.4) upstream transportation and distribution, (3.5) waste generated in operations, (3.6) business travel, (3.7) employee commuting and (3.12) end-of-life treatment of sold products.

[27] The neutralization of the remaining emissions is carried out in accordance with the standards of the Science Based Targets initiative (SBTi).

We have set our greenhouse gas emissions reduction targets for the target years 2024, 2029 and 2050. We have not defined any other target years.

Our reduction targets for Scope 1, 2 and 3 greenhouse gas emissions are in line with our materiality assessment and the global requirements of the GHG Protocol, as well as the cross-sector guideline of the SBTi. We regularly review our targets, target attainment based on the achieved reductions, and our total inventory of greenhouse gas emissions. For more information, please see the section “Greenhouse gas emissions of Scope 1, 2 and 3 and total greenhouse gas emissions [E1-6].” A review of the reduction targets was undertaken by the SBTi in 2024. We aim to consistently implement the relevant changes for the updated Scope 3 greenhouse gas emissions reduction target. We measure the effectiveness of our activities and actions based on target attainment. In implementing the measures, there are numerous dependencies, particularly as regards the available technologies and implementability along the value chain. There are only indirect, limited opportunities to influence the reduction targets for Scope 3 greenhouse gas emissions in particular. We have therefore set our target here on only part of the full inventory of Scope 3 greenhouse gas emissions in accordance with the SBTi methodology. We are currently observing that the world community is not doing enough to comply with the Paris climate goals. One example is the insufficient availability of renewable energies. Our target attainment measures are described in the section “Management of impacts, risk and opportunities in relation to reducing greenhouse gas emissions.” We use two scenarios in our climate analysis that we also take into account when shaping our reduction plans.

Reducing greenhouse gas intensity in agriculture
The target for reducing greenhouse gas emissions in agriculture is based on our materiality assessment. According to a report of the Intergovernmental Panel on Climate Change (IPCC) published in March 2023, agriculture, forestry and other land use account for around 22% of global greenhouse gas emissions. We have set ourselves the target of enabling our farming customers to reduce their on-field greenhouse gas emissions per mass unit of crop produced by 30% by 2030 compared to the overall base year greenhouse gas emission intensity. The overall base year greenhouse gas intensity includes the weighted greenhouse gas intensities of 17 crop-country combinations. In 2024, the crop-country combination Australia-Cotton was removed from the scope due to the unavailability of data. Base years are defined individually for each crop-country combination, using data from either harvest year 2021 or 2022 depending on the availability of data. Base years were adjusted in 2024 due to additional data requirements based on an updated greenhouse gas emissions calculator methodology and lack of data availability from prior years. This reduction target applies to the highest greenhouse gas-emitting crop systems in the regions we serve with our products (with the exception of the crop-country combinations Italy-Corn and Spain-Corn that were not selected based on these factors but were additionally included because data was already available). To calculate the overall base-year greenhouse gas intensity, individual greenhouse gas intensities per crop and country were weighted according to Bayer’s footprint in these crops and regions, estimated using the total production volume of a particular crop in a particular market as stated in the database of the Food and Agriculture Organization of the United Nations (FAO), our market share in this market and the greenhouse gas intensity of this crop in a particular country. Using this methodology, our overall customers’ greenhouse gas intensity weighted across all crop-country combinations in the scope of our target was 726 kilograms CO_2 equivalents per metric ton of crop produced (base-year greenhouse gas intensity of our target). Total weighted base-year greenhouse gas intensities as published by us in the 2023 Sustainability Report were restated based on the >10% difference threshold compared with previous calculations. A detailed description of our methodology is provided in a report that is available on our website.

Based on the data collected for the harvest years 2022 or 2023 (depending on the base year for the respective crop-country combination), our overall customers’ greenhouse gas intensity weighted across all crop-country combinations in the scope of our commitment was reduced by 9% against the overall weighted base year greenhouse gas intensity of 726 kilograms CO_2 equivalents per metric ton of crop produced. This reduction was primarily driven by a lower greenhouse gas intensity for India-Rice. We measure the effectiveness of our activities and actions based on target attainment. The target attainment measures are described in the section “Management of impacts, risk and opportunities in relation to reducing greenhouse gas emissions.” With this target, we directly address the implementation of regenerative farming practices and thus support both decarbonization and adaptation to future environmental conditions.

Energy consumption and mix [E1-5]

Production at out sites accounts for the most significant share of our energy requirement, which depends on the production processes applied and the depth of our value chain. Primary and secondary energy consumption required for production processes is usually dependent on the production volume: the more that is produced, the greater the energy consumption and also the associated greenhouse gas emissions. When calculating total energy consumption, we differentiate between primary and secondary energy consumption. The sources of primary energy consumed are renewable and fossil fuels that we use to generate electricity, steam and cooling energy for our own use and to a small extent for sale to other companies. Secondary energy consumption reflects the purchase of electricity, steam and cooling energy at our sites worldwide. Energy consumption data is collected annually within the scope of the environmental reporting of all environmentally relevant sites. Designated officers at the sites directly enter the data measured for the period January through October and estimated values for November and December into a central reporting platform. The estimate is based either on the prior-year data, where necessary restated to reflect special events in the current reporting period, or on updated data from the current reporting period. The data is then validated by a central team and reviewed for completeness. We regard all sites whose annual energy consumption exceeds 1.5 TJ and/or whose annual water consumption is greater than or equal to 50 Tm^3 as environmentally relevant. The environmental data of the other sites that lie below the thresholds has no relevant impact on the overall environmental data result. All metrics reported in our sustainability statement are verified by our auditor but are not subject to any additional certified external audit.

Total energy consumption of our company in 2024 fell slightly to 9,055 thousand MWh (2023: 9,127 thousand MWh). This includes both primary energy consumption, mainly of fossil fuels, and secondary energy consumption.

A 4.2.2/1

Energy Consumption and Mix

MWh thousand	2023	2024
Total fossil energy consumption	**7,161**	**7,058**
of which fuel consumption from coal and coal products	151	172
of which fuel consumption from crude oil and petroleum products	784	731
of which fuel consumption from natural gas	2,852	2,842
of which fuel consumption from other fossil sources	16	11
of which consumption of purchased or acquired electricity, heat, steam or cooling from fossil sources	3,359	3,303
thereof consumption of purchased or acquired electricity from fossil sources	1,857	1,740
thereof consumption of purchased or acquired heat, steam and cooling from fossil sources	1,502	1,563
Total nuclear energy consumption[1]	**302**	**303**
Total renewable energy consumption	**1,521**	**1,560**
of which fuel consumption from renewable sources[2]	308	191
of which consumption of purchased or acquired electricity, heat, steam and cooling from renewable sources	1,209	1,366
thereof consumption of purchased or acquired electricity from renewable sources	1,183	1,331
thereof consumption of purchased or acquired heat, steam and cooling from renewable sources	26	35
of which consumption of self-generated nonfuel renewable energy	3	3
Total energy consumption from other nonrenewable sources[3]	**142**	**133**
Total energy consumption	**9,127**	**9,055**
Share of fossil sources in total energy consumption (%)	78.5	77.9
Share of nuclear sources in total energy consumption (%)	3.3	3.3
Share of renewable sources in total energy consumption (%)	16.7	17.2
Share of other nonrenewable sources in total energy consumption (%)	1.6	1.5
Self-generated nonrenewable energy production	**6,781**	**6,867**
Self-generated renewable energy production	**3**	**3**

[1] This figure is an estimate based on nuclear sources' share of the national electricity mix of the countries in which we buy electricity from the grid. Our data source is the Statistical Review of World Energy of the Energy Institute, substantially edited by Our World in Data. The actual consumption of power from nuclear sources can deviate because the national electricity mixes bear only a statistical similarity to the composition of Bayer's electricity consumption from the grid.
[2] Includes fuel consumption from biomass, biogas and hydrogen from renewable sources
[3] Includes energy generated from waste

All business areas of our company are classified as high climate impact sectors according to the NACE definition (Delegated Regulation (EU) 2022/1288 of the Commission). Our Crop Science Division is allocated to Section A, "Agriculture," while our Pharmaceuticals and Consumer Health divisions are allocated to Section C, "Manufacture of basic pharmaceutical products and pharmaceutical preparations." The calculation of our energy intensity thus takes into account the total energy requirement in proportion to sales of the Group (please see the section "Bayer Group Consolidated Income Statements" in Chapter B Consolidated Financial Statements).

A 4.2.2/2

Energy Intensity

	2023	2024
Total energy consumption from activities in high climate impact sectors (MWh)	9,127,016	9,054,965
Total net revenue from activities in high climate impact sectors (€ million)	47,637	46,606
Energy intensity (MWh/ € million)	192	194

Greenhouse gas emissions of Scope 1, 2 and 3 and total greenhouse gas emissions [E1-6]

At our company, direct greenhouse gas emissions (Scope 1) primarily result from the combustion of primary energy sources (mostly gas and oil) to produce electricity and thermal energy. Greenhouse gas emissions are also generated by our vehicle fleet and in the extraction and processing of raw materials (32.0%). Another portion of greenhouse gas emissions is attributable to chemical processes (31.5%). The purchase of electrical energy and of further energies, primarily for heating and cooling, accounts for the biggest shares of Scope 2 greenhouse gas emissions, at 23.0% and 13.5% respectively.

In accordance with the SBTi, we take into account the following five Scope 3 categories according to the GHG Protocol for reporting on the attainment of our reduction target for Scope 3 greenhouse gas emissions: (3.1) purchased goods and services, (3.2) capital goods, (3.3) fuel- and energy-related activities, (3.4) upstream transportation and distribution and (3.6) business travel. For more information, please see the section “Targets related to climate change mitigation and adaptation [E1-4].” In addition to this reporting, we take into account a total of eight Scope 3 categories according to the GHG Protocol in the table “Greenhouse Gas Emissions According to Scope 1, 2 and 3 Including Related Targets” (see below) for reporting according to ESRS and for further observation and the future enhancement of our methodology for calculating Scope 3 greenhouse gas emissions: (3.1) purchased goods and services, (3.2) capital goods, (3.3) fuel- and energy-related activities, (3.4) upstream transportation and distribution, (3.5) waste generated in operations, (3.6) business travel, (3.7) employee commuting and (3.12) end-of-life treatment of sold products. The remaining Scope 3 categories according to the GHG Protocol – (3.8) upstream leased assets, (3.9) downstream transportation and distribution, (3.10) processing of sold products, (3.11) use of sold products (3.13) downstream leased assets, (3.14) franchises and (3.15) investments – currently are not taken into consideration because they are either currently not relevant for our company or because no fully developed, standardized calculation method is available.

In 2024, we reduced the sum of our Scope 1 and Scope 2 (market-based) greenhouse gas emissions by 1.9% compared with 2023. This could be achieved in particular through a further increase in electricity procured from renewable energies. In the five Scope 3 categories[28] that are relevant for our reduction target, our greenhouse gas emissions fell by 0.74 million metric tons of CO_2 equivalents compared with 2023, representing a decrease of 8.8%. In the broader eight Scope 3 categories[29], our greenhouse gas emissions fell by 0.80 million metric tons of CO_2 equivalents compared with 2023, representing a decrease of 8.7%. The reduction in Scope 3 emissions is largely due to lower greenhouse gas emissions in connection with the Scope 3 category (3.1) purchased goods and services. Category (3.1) purchased goods and services accounts for the most significant share of our Scope 3 greenhouse gas emissions, at 70%.

[28] (3.1) purchased goods and services, (3.2) capital goods, (3.3) fuel- and energy-related activities, (3.4) upstream transportation and distribution and (3.6) business travel

[29] (3.1) purchased goods and services, (3.2) capital goods, (3.3) fuel- and energy-related activities, (3.4) upstream transportation and distribution, (3.5) waste generated in operations, (3.6) business travel, (3.7) employee commuting and (3.12) end-of-life treatment of sold products

A 4.2.2/3

Greenhouse Gas Emissions Scope 1, 2 and 3 Including Related Targets

		Retrospective			Milestones and target years[1]				
million t CO_2eq	Base year 2019	2023	2024	Change (%)	2025	2029	2030	2050	Annual % target / Base year
Gross Scope 1 GHG emissions[2]	2.08	1.89	1.88	–0.5	–	–	–	–	–
Share of Scope 1 GHG emissions from regulated emission trading schemes (%)	–	14.0	13.0	–1.0	–	–	–	–	–
Gross location-based Scope 2 GHG emissions	1.79	1.66	1.65	–0.6	–	–	–	–	–
Gross market-based Scope 2 GHG emissions	1.71	1.12	1.08	–3.6	–	–	–	–	–
Gross Scope 3 GHG emissions[3]	9.99	9.18	8.38	–8.7	–	–	–	–	–
of which (3.1) purchased goods and services	6.62	6.52	5.87	–10.0	–	–	–	–	–
of which (3.2) capital goods	0.51	0.49	0.37	–24.3	–	–	–	–	–
of which (3.3) fuel-and-energy-related activities (not included in Scope 1 or 2)	0.73	0.54	0.64	18.9	–	–	–	–	–
of which (3.4) upstream transportation and distribution	0.66	0.70	0.60	–14.5	–	–	–	–	–
of which (3.5) waste generated in operations	0.34	0.31	0.30	–2.6	–	–	–	–	–
of which (3.6) business travel	0.30	0.19	0.21	15.2	–	–	–	–	–
of which (3.7) employee commuting	0.12	0.13	0.12	–5.9	–	–	–	–	–
of which (3.12) end-of-life treatment of sold products	0.72	0.31	0.26	–13.4	–	–	–	–	–
Total GHG emissions (location-based)	**13.86**	**12.74**	**11.91**	**–6.5**	**–**	**–**	**–**	**–**	**–**
Total GHG emissions (market-based)[4]	**13.78**	**12.20**	**11.34**	**–7.0**	**–**	**–**	**–**	**–**	**–**

[1] We have established our greenhouse gas emissions reduction targets for 2024, 2029 and 2050. We have not additionally established any explicit greenhouse gas emissions reduction targets for 2025 and 2030. For more information on our greenhouse gas emissions reduction targets, please see the section "Targets related to climate change mitigation and adaptation [E1-4]."

[2] The greenhouse gas emissions from the use of bioenergy are part of the Scope 1 greenhouse gas emissions. Here we assume that the greenhouse gas emissions from energy production are equal to the prior associated greenhouse gas removals.

[3] In accordance with the SBTi, we take into account the following five Scope 3 categories according to the GHG Protocol for reporting on the attainment of our reduction target for Scope 3 greenhouse gas emissions: (3.1) purchased goods and services, (3.2) capital goods, (3.3) fuel- and energy-related activities, (3.4) upstream transportation and distribution and (3.6) business travel. In addition to this reporting, we take into account a total of eight Scope 3 categories according to the GHG Protocol for reporting according to ESRS and for observation and the future enhancement of our methodology for calculating Scope 3 greenhouse gas emissions.

[4] For Bayer, the GHG Protocol's market-based method most reliably reflects the Scope 2 emission values and the success of emissions reduction measures.

There were no significant changes in the corporate structure and value chain in 2024 that could impact the reportable greenhouse gas emissions. Nor were there any significant results or changes with regard to greenhouse gas emissions between our closing date and that of the companies in our supply chain.

We report our greenhouse gas emissions according to ESRS in line with the requirements of the Greenhouse Gas (GHG) Protocol. For the calculation of direct greenhouse gas emissions from our own production plants, vehicles and waste incineration plants (Scope 1) and indirect greenhouse gas emissions from the procurement of electricity, steam and cooling energy (Scope 2), the relevant activity data is determined at all environmentally relevant sites as part of the annual environmental reporting. Designated officers at the sites directly enter the data measured for the period January through October and estimated values for November and December into a central reporting platform. The estimate is based either on the prior-year data, where necessary restated to reflect special events in the current reporting period, or on updated data from the current reporting period. The respective greenhouse gas emissions are then automatically calculated at the system level while taking into account site- or country-specific emissions factors. The data is then validated by a central team and reviewed for completeness. In our calculation of Scope 1 and 2 greenhouse gas emissions, we take into account the entire Group in accordance with the financial scope of consolidation, provided a site is environmentally relevant. We regard all sites whose annual energy consumption exceeds 1.5 TJ and/or whose annual water consumption is greater than or equal to 50 Tm^3 as environmentally relevant. The environmental data of the other sites that lie below the thresholds has no relevant impact on the overall environmental data result. The calculation of our Scope 3 greenhouse gas emissions is based on the GHG Protocol's Corporate Value Chain (Scope 3) Standard. For all Scope 3 categories, activities are understood as including greenhouse gas emissions. Activity data

are quantitative indicators of an activity level (e.g. fuel consumption in liters) that we derive from different internal systems or external sources for each Scope 3 category. Emissions are estimated using greenhouse gas emissions factors that vary depending on the Scope 3 category. We obtain them from input/output models, life-cycle-assessment databases or directly from up- and downstream value chain participants. The information on which our calculation is based is summarized for our material Scope 3 categories below:

// (3.1) Purchased goods and services: We take into account all upstream processes (cradle-to-gate) of the purchased goods. The activity data is extracted from our purchasing system. We estimate the greenhouse gas emissions with the help of an expenditure-based methodology using the estell 6 model and taking into account inflation.
// (3.2) Capital goods: We take into account all upstream processes (cradle-to-gate) of the purchased capital goods. The activity data is extracted from our purchasing system. We estimate the greenhouse gas emissions with the help of an expenditure-based methodology using the estell 6 model and taking into account inflation.
// (3.3) Fuel- and energy-related activities: We take into account all upstream processes (cradle-to-gate) of purchased primary and secondary energy. The activity data is extracted from our system for recording environmentally relevant metrics. We estimate the greenhouse gas emissions using the average data methodology, for which we use data from the Managed Life Cycle Assessment (LCA) Content database of Sphera.
// (3.4) Upstream transportation and distribution: We take into account the Scope 1 and Scope 2 greenhouse gas emissions (gate-to-gate/tank-to-wheel) in transportation, and all upstream processes (cradle-to-gate) in storage and distribution. The activity data is extracted from our enterprise resource system and our purchasing system. We source the greenhouse gas emissions factors from the estell 6 model, taking into account inflation.
// (3.5) Waste generated in operations: With externally disposed of waste, we take into account the Scope 1 greenhouse gas emissions (gate-to-gate) of our waste disposers. The activity data is extracted from our system for recording environmentally relevant metrics. We source the greenhouse gas emissions factors from our sites, our waste disposers and the literature (Intergovernmental Panel on Climate Change (IPCC)).
// (3.6) Business travel: In this category, we take into account the Scope 1 and Scope 2 greenhouse gas emissions (gate-to-gate/tank-to-wheel) of our business travel. We source the activity data from rental car companies with respect to car rentals, from travel agencies with respect to air travel and from railway companies with respect to rail travel. We source the greenhouse gas emissions factors directly from the car rental companies with respect to rental cars. For air travel we use average greenhouse gas emissions factors from the Department for Environment, Food and Rural Affairs (DEFRA). For rail travel we use specific greenhouse gas emissions factors or average data from the Managed LCA Content database of Sphera.
// (3.7) Employee commuting: The emissions factors take account of the Scope 1 and Scope 2 greenhouse gas emissions (gate-to-gate/tank-to-wheel) generated in employee commuting. We source the activity data from our enterprise resource system, while the greenhouse gas emissions factors are derived from the Managed LCA Content database of Sphera.
// (3.12) End-of-life treatment of sold products: We take account of all upstream processes (cradle-to-gate) that occur in the disposal of our product packaging. We source the activity data from our purchasing system, while the greenhouse gas emissions factors are derived from the Managed LCA Content database of Sphera.

Primary data on greenhouse gas emissions from the products and services purchased by us, capital goods, energy sources and the associated logistics can currently only be provided by a small number of players. Once this data is more readily available, we intend to include it to a greater degree in the calculation of our Scope 3 greenhouse gas emissions in the future. Another objective is to be able to measure our suppliers' efforts in achieving decarbonization in the supply chain (e.g. by transitioning to electricity from renewable energy sources). In this context, we want to intensify the dialogue with our suppliers and help them to achieve the global goal of net zero greenhouse gas emissions. In 2024, our Scope 3 greenhouse gas emissions were only calculated based on primary data from our value chain to a very limited extent (parts of the Scope 3 categories (3.5) waste generated in operations and (3.6) business travel).

Due to the varying depth of value creation, direct and indirect greenhouse gas emissions (Scope 1 and Scope 2) are unequally distributed among our divisions. Our raw material extraction activities, including treatment and downstream processing, for the manufacture of the crop protection intermediates of Crop Science are especially energy-intensive – this division therefore accounts for the greatest share of our greenhouse gas emissions.

A 4.2.2/4

Gross Scope 1 GHG Emissions by Division

million t CO_2eq	2023	2024
Gross Scope 1 GHG emissions	1.89	1.88
Crop Science	1.55	1.56
Pharmaceuticals	0.17	0.17
Consumer Health	0.02	0.02
Other segments[1]	0.16	0.13

[1] These include greenhouse gas emissions from the vehicle fleet and emissions caused by the enabling functions.

A 4.2.2/5

Gross Market-Based Scope 2 GHG Emissions by Division

million t CO_2eq	2023	2024
Gross market-based Scope 2 GHG emissions	1.12	1.08
Crop Science	0.94	0.93
Pharmaceuticals	0.11	0.08
Consumer Health	0.05	0.04
Other segments[1]	0.02	0.03

[1] These include greenhouse gas emissions from the vehicle fleet and emissions caused by the enabling functions.

Carbon dioxide (CO_2) accounts for the biggest share of our greenhouse gas emissions.

A 4.2.2/6

Gross Scope 1 GHG Emissions by Emitted Greenhouse Gas

million t CO_2eq	2023	2024
Gross Scope 1 GHG emissions	1.89	1.88
of which carbon dioxide (CO_2)	1.84	1.83
of which ozone-depleting substances	0.003	0.003
of which partially fluorinated hydrocarbons (HFCs)	0.04	0.04
of which nitrous oxide (N_2O)	0.01	0.01
of which methane (CH_4)	0.003	0.003

13% of our Scope 1 greenhouse gas emissions were generated in 2024 at sites that are subject to a regulated emissions trading system in which we participate (2023: 14%). In 2024, we participated in European emissions trading with a total of five plants (2023: five plants). The greenhouse gas emissions of these plants amounted to approximately 248,000 metric tons of CO_2 equivalents in 2024 (2023: approximately 265,000 metric tons of CO_2 equivalents).

As part of our energy procurement policy, we use various contractual tools for the purchase of electricity from renewable source depending on different regulatory requirements and local circumstances.

A 4.2.2/7

Contractual Instruments Related to Purchased Electricity From Renewable Sources

	2023	2024
Purchased or acquired electricity from renewable sources (thousand MWh)	1,183	1,331
of which share of electricity from renewable sources purchased through power purchase agreements (%)	42	56
of which share of electricity purchased from renewable sources evidenced by renewable energy certificates (%)	58	44

Biogenic CO_2 emissions at our company stem mainly from the combustion of biomass to generate energy and from the procurement of electricity derived from biomass. Through our site-related reporting, we record biogenic CO_2 emissions for Scope 1. We model the biogenic CO_2 emissions for Scope 2 based on the reported secondary energy derived from the incineration and biodegradation of biomass using the standard factors for calorific values and the emissions factors of the Intergovernmental Panel on Climate Change (IPCC). We calculate the biogenic CO_2 emissions for Scope 3 at the level of the individual Scope 3 categories. For the Scope 3 Category (3.5) waste generated in operations, the associated CO_2 equivalent volume is calculated based on the volume of our externally recycled or incinerated bio-based waste, taking into account the average water and carbon content of typical agricultural residues and the molecular weight of CO_2. For Category (3.12) end-of-life treatment of sold products, the volume of bio-based packaging materials (e.g. paper, cardboard packaging, wooden pallets) is extracted from our purchasing system and multiplied by material-specific emissions factors for biogenic CO_2 from an established life cycle assessment database. In this category, we also take into account the biogenic CO_2 stored in our seeds. To do so, we collect information from our sales data about the volume of seeds sold. The biogenic CO_2 equivalent emission resulting from the seed product is calculated using the water and carbon content of an average seed product sold by our company and the molecular weight of CO_2.

We assume that biogenic CO_2 emissions will increase in the future due to our decarbonization strategy, as the transition from fossil- to plant-based raw materials is a lever for our decarbonization. One example is the use of heat from plant-based waste. Here, we have produced a purchasing guideline.

A 4.2.2/8

Biogenic CO_2 Emissions[1]

million t CO_2eq	2023	2024
Biogenic Scope 1 emissions of CO_2 from the combustion or biodegradation of biomass	0.19	0.15
Biogenic Scope 2 emissions of CO_2 from combustion or biodegradation of biomass	0.03	0.04
Biogenic Scope 3 emissions of CO_2 from combustion or biodegradation of biomass that occur in our upstream and downstream value chain	0.21	0.23

[1] Not part of the previously reported Scope 1, Scope 2 or Scope 3 greenhouse gas emissions

Our greenhouse gas intensity reflects total greenhouse gas emissions as a ratio of Group sales (please see the section “Bayer Group Consolidated Income Statements” in Chapter B Consolidated Financial Statements). Our greenhouse gas intensity in 2024 was 256 metric tons of CO_2 equivalents/€ million net sales (2023: 267 metric tons of CO_2 equivalents/€ million) according to the location-based method and 243 metric tons of CO_2 equivalents/€ million (2023: 256 metric tons of CO_2 equivalents/€ million) according to the market-based method.

A 4.2.2/9

GHG Intensity

t CO_2eq/€ million	2023	2024
GHG emissions intensity (location-based)	267	256
GHG emissions intensity (market-based)	256	243

We have calculated our own greenhouse gas emissions (Scope 1 and 2) for several years, including already in the period prior to our reduction target base year 2019. In the Transition and Transformation Plan, we report on the most important checkpoints from 2007 to the present.

GHG removals and GHG mitigation projects financed through carbon credits [E1-7]

Our focus is on reducing our greenhouse gas emissions and on the associated targets and actions. We also participate in voluntary carbon markets.

Within the scope of our activities on the voluntary carbon markets, we offset 0.71 million metric tons of CO_2 equivalents in 2024 (2023: 0.6 million metric tons of CO_2 equivalents). We exclusively purchased certificates from nature-based solutions in 2024. 57% of the CO_2 certificates originated from projects aimed at reducing CO_2 emissions. Through the purchase of CO_2 certificates, we supported projects aimed at carbon reduction and capture. All certificates we purchased in 2024 were used for that year. The projects are implemented in the following countries: Brazil, Colombia, Indonesia, Malawi, Sierra Leone, the United States and Uruguay. No projects were supported in the European Union. All of our certificates lie outside the scope of corresponding adjustments for trade in carbon credits between governments.

We have defined the following specific criteria for our purchase of certificates from climate protection projects with the goal of a high standard that we will constantly improve and further develop. These criteria comprise transparency, additionality, permanence, measurability, quality/standards, innovation, impact, co-benefits, no leakage, no double counting and no net harm.

In 2024, 100% (2023: 100%) of our purchased certificates were verified according to external standards such as Verified Carbon Standard (VCS), CCB or EcoRegistry. We obtain the opinion of an independent external service provider to assess their quality and integrity.

We will also need long-term emissions-reduction CO_2 certificates in the future to attain our net zero target by 2050. We define net zero greenhouse gas emissions by 2050 as a 90% reduction in our total greenhouse gas emissions[30] compared with the base year 2019.

Through our own initiatives, which we drive forward particularly in our downstream value chain, we contribute to the reduction and storage of greenhouse gas emissions. For example, the Bayer Carbon Program financially supports farmers who apply sustainable agricultural practices. The relevant data for quantifying the volume of CO_2 stored in the soil is collected directly from farmers with the help of Climate FieldView™ and surveys, and subsequently certified by an independent expert. The resulting greenhouse gas emissions certificates can then be sold on the market. All the fields of the farmers participating in the program are reviewed annually for potential reversals. We are not aware of any notable reversals for 2024. We acquired the equivalent of 0.1 million metric tons of CO_2 from this program in 2024 (2023: 0.1 million metric tons of CO_2 equivalents). More than 359,000 greenhouse gas emissions certificates were issued in 2024 (2023: more than 29,000 greenhouse gas emissions certificates).

We also support a number of smaller projects that we do not, however, include in our published additional contribution. In addition, we offset greenhouse gas emissions resulting from air travel. In 2024, we offset 0.21 million metric tons of CO_2 equivalents of greenhouse gas emissions from air travel (2023: 0.18 million metric tons of CO_2 equivalents). In 2024, we did not make any product-related statements on or assert any claims to greenhouse gas neutrality in connection with the use of CO_2 certificates.

Internal carbon pricing [E1-8]

We are aligning our capital expenditures to our target of achieving net zero greenhouse gas emissions by 2050. To make the carbon footprint of a capital expenditure visible for the decision-making process, we have introduced for the calculation of a capital expenditure an internal CO_2 shadow price of 100 €/metric ton CO_2 equivalents for the greenhouse gas emissions expected with a 10-year use of the investment. Through this we want to support decisions in favor of more climate-friendly capital expenditures. The internal CO_2 shadow price covers both the expected Scope 1 emissions and the Scope 2 emissions from the capital expenditures. Excluded here is the use of electricity associated with the capital expenditure, for which our strategy to transition to electricity from renewable energies is the crucial factor. The calculation of the internal CO_2 price is part of our capital expenditure decision analysis for projects with a volume exceeding €10 million that are directly related to the consumption of fossil fuels or the use of cooling or heating energy. This calculation is part of the environmental assessment, which takes into consideration both emissions reduction and energy efficiency measures. In some cases, the internal CO_2 price is also

[30] Total Scope 1, Scope 2 and Scope 3 greenhouse gas emissions. Comprises direct (Scope 1) and indirect (Scope 2, market-based) greenhouse gas emissions from Bayer sites with an annual energy consumption exceeding 1.5 terajoules. Scope 3 includes all Scope 3 categories defined in the GHG Protocol.

voluntarily applied for projects with a volume below €10 million that are directly related to the consumption of fossil fuels or the use of heating or cooling energy.

The following criteria were used to determine our CO_2 price of €100/metric ton of CO_2 equivalents:

// Conformity with the price of CO_2 emissions certificates within an emissions trading system
// Conformity with the price of a carbon tax
// Societal costs of carbon
// Price/cost of voluntary carbon compensation certificates
// Cost of measures needed to attain greenhouse gas emissions reduction targets
// Valuation compared with competitors

Our financial planning, which extends over a five-year period, takes into account various expenditures associated with the reduction and management of our greenhouse gas emissions. Furthermore, an internal CO_2 price is not used for the recognition or measurement of assets.

4.2.3 Pollution

Pollution can present considerable risks to human health, biodiversity and natural resources, which underscores the urgency of proactive measures. As part of our commitment to environmental responsibility, we want to protect the environment and continuously improve our environmental performance.

Management of impacts and risks related to pollution resulting from incidents

With the help of our double materiality assessment, we have identified impacts related to pollution. Accordingly, unforeseen events can lead to uncontrolled emissions that can cause diminished air, water and soil quality and thus present a threat to people and the environment.

Policies related to pollution due to incidents [E2-1]

Our policies related to unforeseen events govern the way we handle incidents occurring in our plants and production facilities in our own operations and in the value chain, and serve as the basis for mitigating possible threats in the area of pollution.

Managing incidents through the Health, Safety and Environmental Management (HSE) and HSE Key Requirements Policy

Our Health, Safety and Environmental Management (HSE) and HSE Key Requirements Policy is geared toward reducing negative impacts related to pollution, particularly of air, water and soil. The policy contains several important principles and requirements for environmental management to reduce pollution and its impacts.

// **Management of water and air emissions**: The policy places the focus on establishing standards for the control of pollution and its monitoring to ensure the effectiveness of the standards. It also underscores how important it is to avoid generating waste and emissions and to provide adequate retention capacity for abnormal wastewater and contamination. Furthermore, it emphasizes the necessity to minimize waste and emissions that cannot be avoided or recycled, and analyze and dispose of retained wastewater and contamination under controlled and compliant conditions.
// **Reduction of environmental risks**: The policy requires every site to identify, evaluate and monitor all relevant environmental matters and develop plans to reduce identified environmental risks. Another focus is on compliance with applicable rules, regulations and approvals, as well as management of pollution at our own company sites and third-party sites for which we are legally liable.
// **HSE risk mitigation management**: Management at our sites is obligated to involve the employees in the identification and assessment of HSE risks and to define and implement measures to keep HSE risks as low as possible.

// **Soil and groundwater management**: The policy describes actions to prevent soil and groundwater contamination, including developing and implementing strategies to protect people and the environment at contaminated sites. It also highlights the effective secondary containment of storage tanks, the correct design, maintenance and inspection programs, and suitable leakage detection for tanks, containers and piping containing hazardous substances.
// **Waste management**: The policy also deals with waste management, including the analysis and disposal of excavation material under controlled and compliant conditions, as well as prevention of soil and groundwater pollution through effective waste management strategies. It underscores the importance of monitoring pollution, mitigating environmental risks, and sustainable waste management practices to protect the environment and health.

The policy governs several important requirements for handling various pollutants and substances to ensure safety, compliance and environmental protection.

// **General hazardous materials**: To enable a safe workplace, it is essential that physical, chemical, biological, radiological and ergonomic hazards are identified and subjected to a risk assessment. For all materials, including raw materials, products and maintenance and commodity chemicals, detailed safety data sheets must be provided according to the standards of the Globally Harmonized System of Classification and Labelling of Chemicals (GHS). To prevent hazards such as release, fire or explosion, warehouses must be designed and operated taking into account the properties of the stored materials such as flammability, decomposition behavior and toxicity.
// **Radioactive substances**: A radiation protection officer must be appointed at sites where these substances are handled in order to ensure compliance with the safety regulations. A registry of all radioactive sources and proper labeling are obligatory so that these substances can be properly tracked and managed.
// **Biological materials:** Sites at which biological materials are handled must appoint a trained biosafety officer and carry out risk assessments for biological safety. Such materials include microorganisms, plants, cell cultures, toxins and allergens that are derived from biological sources and require careful handling to protect employees and the environment.
// **Storage and labeling**: All storage containers must be labeled according to the regulations, with labels including material identification and health, safety and environmental protection information. This ensures that those who handle substances are informed about the necessary precautionary measures.
// **Emergency planning and fire prevention**: For incidents involving hazardous substances, contingency plans with specific fire prevention measures must be in place for warehouses in which these substances are stored.

Our policy also comprehensively deals with the most important requirements for preventing incidents and emergency situations, as well as for monitoring and limiting the impacts on people and the environment.

// **Commitment of leadership and management**: The policy underscores the importance of leadership and management, as well as of an associated clear commitment to health, safety and environmental protection standards. The basic approach is crucial to create an awareness within the company of the importance of safe and responsible work.
// **Risk assessment and management**: The policy prescribes comprehensive assessments to account for the potential impacts on people and the environment, and involves the employees in the identification and assessment of HSE risks.
// **Compliance with regulations and implementation of the most important HSE requirements**: The policy demands compliance with the applicable rules and regulations, and assigns clear responsibilities for implementing and maintaining the HSE management system.

// **Continuous improvement and workforce participation:** Involving the employees in the development, implementation and improvement of the HSE management system promotes a culture of safety and continuous improvement. This leads to more effective strategies for preventing incidents and mitigating their impacts.
// **Mitigating HSE risks:** Measures must be defined and implemented to keep HSE risks as low as possible, with technical solutions taking precedence over organizational and personal protection measures. This strategy is geared toward reducing the probability of incidents and limiting their impacts on people and the environment by ensuring that risks are managed proactively and effectively.
// **Emergency planning and reaction:** The policy also refers to structured approaches for the reaction to incidents, including emergency planning and fire prevention measures.

For more information on the Health, Safety and Environmental Management (HSE) and HSE Key Requirements Policy, please see the section “Holistic policies for managing material sustainability matters [MDR-P]” in Chapter A 4.1 General Information on the Sustainability Statement.

Ensuring safety and environmental protection through process and plant safety
Our rules on process and plant safety (PPS) are focused on preventing dangerous releases and ensuring safety, and thus serve to reduce the risk of air, water and soil pollution. This contributes to the overarching objective of preventing incidents, ensuring the safe handling of hazardous substances, complying with legal provisions and promoting continuous process improvement. The process and plant safety rules therefore describe requirements, procedures and roles and responsibilities to ensure that the risks for process and plant safety are reduced as far as possible to avoid unacceptable consequences for people and the environment. The monitoring process covers the systematic assessment of process and plant safety risks, including identifying and assessing hazards, operational control, change management, contingency planning and performance monitoring. Through internal audits and reviews, compliance with process and plant safety rules is regularly monitored.

The rules underscore to the importance of identifying and evaluating hazards associated with processes and plants, including physical impacts, chemical reactions, fires and explosions, as well as health and environmental hazards.

Through the establishment of process and plant safety rules, we account for the interests of stakeholders such as our own employees by ensuring legally compliant safety and environmental protection standards and thus aiming to prevent dangerous releases that could negatively impact air, water and soil quality. This approach addresses stakeholders’ concerns with regard to the contamination of natural resources. These rules are implemented under the leadership of the Public Affairs, Sustainability & Safety Enabling Function. The rules are available internally and primarily addressed to employees who work in site management, process operations and project planning. They apply worldwide to our own employees and workers in the value chain who are based at our sites. The Responsible Care™ program of the German Chemical Industry Association to ensure comprehensive safety and environmental protection is accounted for through implementation of these rules. Our activities in this regard also comply with the REACH and CLP regulations (please see legislation or legal regulations of the ECHA [europa.eu]).

With regard to preventing incidents and emergency situations, the rules describe contingency planning, including the identification of foreseeable process safety incidents and the preparation, examination and regular review of contingency plans to minimize the impacts on people and the environment. They also emphasize the importance of training personnel specifically to be able to act in an orderly and timely manner in the event of an alarm or emergency situation, as well as to coordinate with external emergency responders and share relevant safety information with everyone involved. The rules also underscore the necessity of investigating incidents, learning from incidents and near misses, and sharing results to prevent their reoccurrence and mitigate the consequences.

Complying with environmental safety through the Bayer Supplier Code of Conduct
The Bayer Supplier Code of Conduct deals with the management of hazardous materials, substances of concern, natural resources, climate protection and compliance with laws and regulations related to pollutants and substances.

It addresses our potential impacts on pollution by prescribing strict compliance with environmental and safety standards, and the responsible procurement and handling of hazardous substances, including substances of concern (SoCs) and substances of very high concern (SVHCs), thereby reducing the risk of uncontrolled emissions and ensuring compliance with legal requirements to prevent operational and sales disruptions. Suppliers must, for example, have safety programs and management systems in place to manage and maintain all of their production processes in compliance with applicable safety standards. Audits are conducted to verify their implementation. The safety programs must be commensurate with the plant and process risks. Suppliers are obligated to adequately disclose and manage the hazards related to their processes and products so as to ensure that impacted or potentially impacted third parties are protected. Relevant incidents must also be quickly analyzed and communicated.

Suppliers must comply with product safety regulations, properly label products and communicate the product handling requirements. We provide the relevant parties with the respective documents containing all required safety-relevant information for all hazardous substances wherever there is a legitimate need. This includes product information, safety data sheets, notification or registration verifications, as well as uses and exposure scenarios. Suppliers proactively and transparently share information on the health, safety and environmental aspects of their products with all relevant parties. For dangerous plants and processes, the supplier must regularly conduct specific risk assessments and take measures to prevent the occurrence of incidents such as the release of chemicals, fires or explosions. For more information on the Bayer Supplier Code of Conduct, please see the section “Holistic policies for managing material sustainability matters [MDR-P]” in Chapter A 4.1 General Information on the Sustainability Statement.

Actions related to pollution due to incidents [E2-2]
To effectively prevent unforeseen events, we have developed a comprehensive package of measures focused on safety in our operations and value chain.

Integrating health, safety and environmental practices in all global operations
We have implemented a process-oriented management system for health, environmental protection and safety across all sites and countries, supported by a document management system. The tasks this entails include identifying hazards and conducting a risk assessment for all routine and nonroutine work, taking into account the impacts on humans and the environment, compliance with legal provisions, and the company’s assets and reputation. The employees are involved in the identification and assessment of risks, and actions are defined and implemented to reduce these risks to the lowest practicable level. Employees are adequately notified of relevant risks and suitable risk mitigation measures. Health, safety and environmental aspects are accounted for in product and process development, including replacing hazardous substances, conserving energy and resources, and applying the principles of inherently safer design. Operating procedures are established, and employees receive safety training prior to executing tasks, with regular refresher training and updated training measures after relevant changes. Maintenance and inspection ensure the reliability of equipment. A global health, safety and environmental audit program based on ISO 19011 is in place that encompasses both general HSE audits and process & plant safety audits. The actions are globally implemented at all relevant production sites and are ongoing. A health, safety and environment officer is assigned to each production site who is entrusted with overseeing safety, prevention and causal analysis and has at their disposal the necessary budget for these activities.

Ensuring operational safety through our process and plant safety management system
The process and plant safety management system is based on seven critical pillars of action that together constitute our measures to ensure operational safety and prevent incidents at our facilities. These pillars comprise the following elements:

// **Organization and personnel**, focusing on structuring teams and defining roles to ensure that all employees are competent and aware of their safety responsibility
// **Risk identification and assessment**, a systematic approach for identifying and assessing potential risks
// **Operational control**, including the implementation of processes to ensure reliable operational management

// **Change management**, which meets the need to carefully monitor all changes to processes, equipment or organizational structures so as to avoid new risks
// **Contingency planning,** which is essential to prepare for and effectively respond to incidents
// **Performance oversight,** including continuously assessing safety practices to identify improvement potentials
// **Audit and review**, which are crucial to review the effectiveness of the process and plant safety management system and identify improvement potentials

Consistent compliance with these pillars is essential to ensure that a high degree of process and plant safety can be guaranteed and safety events avoided in the long term. This commitment is supported by additional binding internal rules that contain detailed specifications for each pillar. In the implementation of these pillars, locally applicable laws and provisions must also be taken into account and complied with so as to create a comprehensive and effective framework for the safety management of processes and plants.

The management system applies to new and existing processes and plants that we own, have designed or operate, or for which we are legally liable, and that are subject to binding rules on process and plant safety management or on preventing serious accidents (e.g. Seveso Directive, Occupational Safety and Health Administration [OSHA], Process Safety Management [PSM], Environmental Protection Agency [EPA], risk management plans [RMPs], etc.), or that in the event of a fire could pose an unacceptable health, safety or environmental risk, such as an explosion or a discharge of energy or substances.

This is an operational measure that should be continuously implemented. The progress of operational measures varies based on whether they address a new or existing process and plant. At every production site, there is a dedicated role in the areas of health, safety and environmental protection that addresses safety, prevention and causal analysis, including the necessary budget.

Cooperation to prevent pollution along our supply chains

We are committed to preventing uncontrolled pollution in our supply chain by evaluating the performance of our chemical suppliers. This is achieved through a combination of assessments, audits and the implementation of corrective measure plans. These measures are designed to identify areas requiring improvement and ensure compliance with the Bayer Supplier Code of Conduct.

We have introduced a series of assessments and audits to measure our suppliers' sustainability performance. Whenever material impacts are identified, we cooperate with the affected parties to provide remedial measures and support corrective measures. The focus of these activities lies on our sub-suppliers, who are critically important for our supply chain. By concentrating on these suppliers, we want to promote a culture of sustainability and ethical practices in the supply chain right from the outset. We are committed to continuous monitoring and improvement to ensure that sustainability remains a central aspect of our supplier relationships.

Management of impacts and risks related to pollution due to the procurement and handling of substances of (very high) concern

In addition to impacts related to unforeseen events, our double materiality assessment has identified potential negative impacts from the procurement and handling of substances of concern (SoCs) and substances of very high concern (SVHCs) for our products that can pose a risk to people and the environment. Regulatory restrictions relating to SoCs and SVHCs can also necessitate investment to enable the identification and procurement of suitable substitutes for use in production. New and updated regulatory restrictions on the sale of products containing SoCs and SVHCs could lead to reduced sales of impacted products. Operational disruptions and business continuity problems can also occur due to supply chain interruptions caused by regulatory changes or environmental scenarios.

In addition to the potential risks and impacts associated with uncontrolled pollution and the handling of SoCs and SVHCs, we have identified further potential impacts within our downstream value chain. These include diminished water quality for people and living organisms due to the release of product residues following the administration of pharmaceutical products, as well as the contamination of natural water reserves and aquatic organisms due to the disposal or excretion of pharmaceuticals into water streams.

Policies related to pollution due to the procurement and handling of substances of (very high) concern according to ESRS [E2-1]

To counter the identified impacts and risks related to substances of (very high) concern, we have introduced policies that encompass strict controls, regular monitoring and continuous improvement initiatives to protect human health and the environment. With regard to the impacts of pharmaceutical residues on water quality and ecosystems, we collect and report relevant data for the environmental risk assessment for human pharmaceuticals within the scope of scientific guidelines, and therefore do not have a separate formalized strategy concept.

Mitigating the pollution risk by assessing substances

To mitigate the risks associated with possible pollution hazards related to substances of (very) high concern, we apply our global policy governing the assessment of chemical substances. The policy contains a comprehensive approach to ensuring compliance with legal provisions, administering safety data, monitoring the supply chain, training personnel and maintaining organizational oversight. Together, these aspects contribute to a structured and effective monitoring process geared toward mitigating risks and ensuring safety and compliance with the regulatory framework.

Our policy describes how we monitor substances of concern identified by the European Chemicals Agency (ECHA) and what measures we subsequently undertake in our company. According to our policy, information about each managed substance and its impacts on humans and the environment must be available throughout the Bayer Group. Product information obligations for substances handled within the European Union are established in the EU legal provisions (such as REACH). The chemical regulations for substances administered outside the EU must be followed accordingly, and if they are not subject to legal requirements concerning the publication of information, a minimum data set is defined to enable hazard and risk assessments.

The policy underscores the importance of safety, compliance with legal regulations and the proper handling, storage and labeling of materials. These practices are of crucial importance for the handling of substances of concern and of very high concern. The policy ensures that data on the inherent properties and hazards of the handled substances is available. Consequently, comprehensive risk assessments can be conducted at the site level to ensure safe handling and minimize risks related to air, water and soil pollution and exposure. The policy also deals with the monitoring of substances of very high concern, impact assessment and the determination of relevance, followed by governance to inform impacted internal stakeholders about the handling or use of these substances. In addition, it focuses on various aspects such as compliance with legal provisions, safety data sheets, chemical safety assessments, supply chain management, and organizational roles and responsibilities related to health, safety and environmental protection.

The global policy applies for relevant organizational units, particularly in the areas of research and development, production, supply chain management, health, safety and environmental protection. The Public Affairs, Sustainability & Safety Enabling Function and the quality functions in the divisions are responsible for steering the implementation of this policy. The policy accounts for the most important commitments vis-à-vis stakeholders and establishes the operational responsibilities for compliance with chemical legislation. It is available internally to all employees.

Sustainability assessment for new capital expenditures of more than €10 million
To study the impacts of capital expenditure projects on the environment and sustainability, we have introduced a policy pertaining to the environmental and sustainability assessment of new capital expenditures. It prescribes that an environmental and sustainability study is compulsory for all new capital expenditure projects with a volume exceeding €10 million. This includes both new and expanded manufacturing processes such as chemical synthesis, formulation, filling, packaging, seed processing and infrastructure installation, as well as laboratory activities and other business activities at a site, including office buildings and warehouses. The environmental assessment process encompasses a number of steps to ensure the identification, assessment and continuous management of environmental impacts. This process covers the use of relevant expertise, the deployment of specific assessment tools and the carrying out of extensive environmental impact assessments. It also involves continuously collecting and evaluating data and regularly reviewing and updating existing assessments to adapt them to new information or amended environmental regulations.

The policy deals in various ways with substituting and minimizing substances of concern and successively phasing out substances of very high concern. It specifies that all relevant environmental and sustainability matters must be taken into account in the assessment, including substances that are involved in the production process and are traceable in the outlet streams of the plant or site, such as waste gases, wastewater and solid waste. These include substances of concern and of very high concern. The policy describes specific requirements on the assessment to account for substances involved in the production process and their impacts on the environment, such as particulate-containing waste gases, volatile organic compounds (VOCs) and other pollutants, as well as wastewater contaminated with various substances. The assessment also takes into account direct and indirect greenhouse gas emissions, water and energy consumption, noise and light emissions, biosafety, impacts on biodiversity, occupational health and safety, and social and ethical aspects impacting the workforce and local communities.

Through the environmental assessment of new plants, the policy also helps to prevent incidents and emergency situations and to control and limit their impacts on people and the environment. Our Public Affairs, Sustainability & Safety Enabling Function works together with the quality functions of the divisions to ensure the implementation of this policy. The target group comprises the community of assigned venture and project managers who head up these capital expenditure projects. This internal policy is provided to all departments, countries and regional organizations.

Actions related to pollution due to the procurement and handling of substances of (very high) concern according to ESRS [E2-2]

To mitigate our impacts related to substances of (very high) concern, we have initiated measures to assess and reduce product-related environmental risks.

Product-related environmental risk management to ensure compliance and safety
In accordance with our policy on chemical substance assessment, we have taken measures to effectively manage risks in connection with material threats. These measures encompass the management of environment-, social- and governance-related issues during the entire life cycle of our products. We proactively observe political and regulatory trends that could affect our product portfolio. The tasks involved include closely observing regulatory changes and restrictions, and continuously evaluating their potential impacts on our business activity.

Our approach to managing regulatory developments in the area of chemicals encompasses the continuous monitoring of global regulatory landscapes, technical lobbying and impact assessment, as well as the design, implementation and support of business processes and systems that ensure safe and compliant operations, such as the registration of chemicals and the provision of safety data sheets.

The primary goal of our measures is to enable the safe and legally compliant import, use, transport and storage of hazardous substances and goods. The most important results of these measures include:

// Collection and assessment of health, safety and environmental protection (HSE) data for chemicals in the research and development (R&D) process
// Classification of substances according to the Globally Harmonized System of Classification and Labelling of Chemicals (GHS) and the Hazardous Goods Ordinance
// Provision of safety data sheets and transport labels/papers
// Registration of chemicals according to REACH (EU) and compliance with other international chemicals regulations

Our ESG unit, as part of the Public Affairs, Sustainability & Safety Enabling Function, plays a key role in the observation and monitoring of regulatory restrictions and changes, as well as of environmental scenarios. This unit cooperates closely with Corporate Public Affairs and the Regulatory Affairs and Supply Chain functions in the divisions. We involve relevant departments at an early stage by assessing the relevance and impacts of regulatory developments on our portfolio, particularly when using substances of concern (SoCs) and substances of very high concern (SVHCs). This proactive involvement enables us to switch in good time to substitutes or determine suitable mitigation measures such as investment in control measures.

These are not one-off measures, but rather take place continuously. They do not follow a fixed schedule, but instead are integrated into the company's operating procedures as a constant commitment.

Environmental assessment of pharmaceuticals through the PREMIER industry initiative
PREMIER is a public-private partnership aimed at developing a novel, transparent environmental database and digital assessment system for reporting data, assessing the environmental risks of pharmaceuticals, and thus addressing potential pollution, reduced water quality and the contamination of natural water reserves with pharmaceutical residues, as well as supporting the assessment of environmental risks associated with pharmaceuticals. The goal of the initiative is to provide tools for improving the assessment of pharmaceuticals for which only limited environmental data is available.

The initiative brings together a multidisciplinary consortium of public and private partners, in which we also participate. The expertise of the consortium extends to the areas of (eco)toxicology, environmental chemistry, analytical chemistry, chemical risk assessment, environmental regulation of pharmaceuticals, exposure and impact modeling, in vitro test systems, machine learning and read-across, software implementation, pharmacology, drug design, data collection and assessment, database development, stakeholder processes, uncertainty analysis and project management. The PREMIER initiative is scheduled to run for a period of six years to complete the analysis of 25 existing pharmaceuticals.

Pharmaceutical residues found in the environment can negatively impact ecosystems. The research and development of more environmentally compliant pharmaceuticals with a view to lower presence in the environment and/or reduced impacts on environmental organisms could serve as a design approach to prevent or minimize the potential environmental impacts of pharmaceuticals. The initiative enables the study of possibilities for incorporating environmental aspects in the drug development process at an earlier stage so as to steer the development of pharmaceuticals in a more environmentally compliant direction. Through PREMIER, processes are to be developed for the prioritization, assessment and targeted review of existing pharmaceuticals and to support the implementation of these processes in regulatory practice. This project should ultimately support the establishment of a new European standard for environmental protection and assure patients and society that pharmaceuticals are increasingly safe for the environment.

PREMIER develops tools to identify pharmaceuticals and focus on those of potential concern among conventional pharmaceuticals. These tools can also be used to expand the current strategy for assessing the environmental impacts of pharmaceuticals undergoing development. Within the scope of this project, potential impacts and mitigation policies are identified to ensure the sustainability and long-term availability of effective pharmaceuticals. As part of the project, a system for assessing active pharmaceutical ingredients is being developed that can be taken over and maintained by the European Medicines Agency (EMA) and other international agencies (WHO, GFS and OECD).

Metrics and targets in the area of pollution

It is important to us to present pollution metrics to illustrate the developments in critical areas and thus promote the responsible management of our impacts, risks and opportunities.

Targets related to pollution [E2-3]

We have not set ourselves measurable, time-dependent, results-oriented targets with regard to our impacts, risks and opportunities in the area of pollution (apart from greenhouse gas emissions). Nor do we currently plan to set such targets, as we constantly seek improvements to minimize the material impacts and risks associated with pollution and waste in accordance with our HSE Key Requirements. The area of health, safety and environment in many cases is highly regulated. All legal and other requirements must be complied with. We therefore do not have any additional targets.

The effectiveness of our policies and actions with regard to the material impacts, risks and opportunities associated with pollution is tracked by our HSE management system. Within this framework, all measures are taken that are needed to achieve our ambition in the areas of health, safety and the environment. As a formalized management system, this helps to ensure that employees are informed about responsibilities and processes to meet legal and regulatory requirements.

Supported by our HSE principles, we undertake to:

// Integrate HSE into business strategies and processes
// Systematically identify, assess and manage HSE risks along the value chain and throughout the entire product life cycle
// Provide resources needed to account for our HSE principles
// Manage our HSE performance and the development of yearly and long-term HSE targets to achieve continuous and sustainable improvement
// Review compliance with internal and external HSE requirements through audits
// Manage HSE matters and their impacts on practices, processes and products to meet stakeholders' expectations
// Promote awareness of HSE and strengthen trust in our business
// Make every employee aware of their responsibility for HSE and demand commitment

Pollution of air, water and soil due to environmental incidents resulting from emissions according to Regulation [EC] No. 166/2006 and of so-called substances of concern and very high concern according to ESRS [entity-specific disclosures]

Environmental management at our sites comprises the monitoring and reduction of emissions. We comply with the legal thresholds in our normal operations to ensure that emissions of pollutants into the air, water and/or soil represent material negative impacts only in the event of unforeseen environmental incidents. For environmental incidents, we therefore report on emissions of substances listed in the European Pollutant Release and Transfer Register (E-PRTR, please see Annex II of Regulation [EC] No. 166/2006 of the European Parliament and Council) into the air, water and/or soil, and on emissions of so-called substances of concern and very high concern according to ESRS. The ESRS define substances of concern according to the list in Annex VI Part 3 of Regulation [EC] No. 1272/2008 [CLP regulation] (18th Adaptation to Technical Progress). The ESRS define substances of very high concern based on the list of candidates published by the European Chemicals Agency (ECHA) according to Article 57 of Regulation [EC] No. 1907/2006 [REACH regulation]. We report the emissions volumes of substances whose emitted volumes lie above the threshold values of the E-PRTR or the concentration thresholds of the CLP regulation. We define environmental incidents as all transport and plant incidents occurring at one of our sites worldwide in the current reporting period and entered into a central reporting platform by the HSE officers of the respective site. These environmental incidents are reviewed by a central expert in collaboration with site experts to determine potential emissions.

In the measurement of emissions from environmental incidents, we adhere to the corresponding international standards and guidelines. The OECD (Organisation for Economic Co-operation and Development) has published its Guiding Principles for Chemical Accident Prevention, Preparedness and Response, which contain globally valid guidelines to help authorities and industry prevent chemical incidents and mitigate the adverse effects of incidents. These guidelines comprise measures to prioritize the prevention, preparedness and response to chemical incidents, as well as to identify the associated hazards and risks. The method for determining emission volumes depends on the respective environmental incident. Whenever possible, we use direct measurement procedures (e.g. through detection methods for volatile organic compounds, particle counters or soil samples). However, we frequently rely on estimates (e.g. based on the composition of the emitted substance), particularly in the case of transport incidents.

In 2024, we recorded no environmental incidents at our plants that led to the emission of substances into the air, water and/or soil that are listed in the European Pollutant Release and Transfer Register and whose emitted volumes lay above the threshold values of the E-PRTR.

In connection with transport incidents, we recorded the following environmental incidents in 2024 that led to the emission of substances of concern and/or substances of very high concern according to ESRS into the air, water and/or soil, whose concentrations lay above the threshold of the CLP:

// Crop Science, São Paulo, Brazil, May: A truck belonging to a transport company transporting Bayer products (crop protection products) burned out on the roadside. The remains of the vehicle and the transported material were then properly disposed of.
// Crop Science, São Paulo, Brazil, August: A truck belonging to a transport company transporting Bayer products was involved in an accident. The load was damaged.
// Crop Science, São Paulo, Brazil, November: A truck belonging to a transport company transporting Bayer products (crop protection products) tipped over. The load was spilled next to the roadside and then properly disposed of.

Approximately 334 kg of so-called substances of concern according to ESRS were emitted to the air, water and/or soil. This is based on the conservative assumption that 10% of the total cargo volume remained in the environment despite proper decontamination of the accident sites.

A 4.2.3/1

Emissions of Substances of Concern According to ESRS Due to Environmental Incidents

Kg

Hazard class	Quantity emitted to air	Quantity emitted to water	Quantity emitted to soil	Total quantity emitted
Chronic hazard to the aquatic environment, categories 1 to 4	–	–	334	334

In 2024, we recorded no environmental incidents that led to the emission of substances of very high concern according to ESRS into the air, water and/or soil in concentrations above the threshold values of the CLP regulation.

Substances of concern and of very high concern according to ESRS [E2-5]

The quantities of so-called substances of concern and substances of very high concern according to ESRS that are procured and sold as products or product components are based on a data model that combines data from the areas of environment, health and safety with transaction data from procurement and finance and augments it with external regulatory information (Regulation [EC] No. 1272/2008 [CLP regulation] and Regulation [EC] No. 1907/2006 [REACH regulation]). Classification as a substance of concern is dependent on whether the substance is listed in Annex VI Part 3 of the CLP guideline (18th Adaptation to Technical Progress). Classification of a substance of very high concern is based on the list of candidates published by the European Chemicals Agency (ECHA) in accordance with Article 57 of the REACH regulation. We report on substances of concern and of very high concern according to ESRS as indicated in the respective safety data sheets whose concentrations are above the threshold values of the CLP regulation. Substances of very high concern according to ESRS are a subgroup of substances of concern according to ESRS and are therefore included in the reported quantities of substances of concern according to ESRS. All internal data is extracted directly from our enterprise resource system.

The procured quantity of substances of concern and substances of very high concern according to ESRS regularly exceeds the quantities we sell as products or components of products. This is attributable in particular to our production process (e.g. losses during chemical reactions).

A 4.2.3/2

Procurement and Sales Quantities of Substances of Concern According to ESRS by Hazard Class in 2024

	Procured[1]	Sold	
		Product[2]	Part of a product[3]
by hazard class, thousand metric tons			
Total[4]	**321.48**	**0.32**	**22.96**
Carcinogenicity, categories 1 and 2	14.52	0.06	2.81
Germ cell mutagenicity, categories 1 and 2	6.84	–	0.002
Reproductive toxicity, categories 1 and 2	22.77	0.25	3.33
Endocrine disruption for human health	–	–	–
Endocrine disruption for the environment	–	–	–
Persistent, mobile and toxic or very persistent, very mobile properties	–	–	–
Persistent, bioaccumulative and toxic or very persistent, very bioaccumulative properties	–	–	–
Respiratory sensitization, category 1	0.93	–	0.01
Skin sensitization, category 1	17.69	0.01	7.87
Chronic hazard to the aquatic environment, categories 1 to 4	91.92	0.07	22.67
Hazardous to the ozone layer	1.91	–	–
Specific target organ toxicity, repeated exposure, categories 1 and 2	243.42	0.003	5.08
Specific target organ toxicity, single exposure, categories 1 and 2	11.37	0.002	0.12

[1] In this category, we report on the total procured quantity of pure substances that are classified as so-called substances of concern according to ESRS and on the proportion of so-called substances of concern according to ESRS in procured mixtures or finished products.
[2] In this category, we report on the quantity of our products sold, the composition of which, according to the respective safety data sheets, exclusively comprises so-called substances of concern according to ESRS.
[3] In this category, we report on the proportion of substances of concern according to ESRS in our products sold.
[4] Due to substance properties and the legal classification definitions, a substance can be reported in several hazard classes, which can lead to a duplicate count between the various hazard classes. As the total is adjusted for such duplicate counts, the weight data for the individual hazard classes does not add up to the total.

A 4.2.3/3

Procurement and Sales Quantities of Substances of Very High Concern According to ESRS by Hazard Class in 2024

	Procured[1]	Sold	
		Product[2]	Part of product[3]
by hazard class, thousand metric tons			
Total[4]	**4.80**	**–**	**0.16**
Carcinogenicity, categories 1 and 2	0.03	–	–
Germ cell mutagenicity, categories 1 and 2	2.94	–	–
Reproductive toxicity, categories 1 and 2	0.01	–	0.0001
Endocrine disruption for human health	–	–	–
Endocrine disruption for the environment	–	–	–
Persistent, mobile and toxic or very persistent, very mobile properties	–	–	–
Persistent, bioaccumulative and toxic or very persistent, very bioaccumulative properties	–	–	–
Respiratory sensitization, category 1	0.68	–	–
Skin sensitization, category 1	2.85	–	–
Chronic hazard to the aquatic environment, categories 1 to 4	3.54	–	0.16
Hazardous to the ozone layer	–	–	–
Specific target organ toxicity, repeated exposure, categories 1 and 2	3.45	–	–
Specific target organ toxicity, single exposure, categories 1 and 2	–	–	–

[1] In this category, we report on the total procured quantity of pure substances that are classified as so-called substances of very high concern according to ESRS and on the proportion of so-called substances of concern according to ESRS in procured mixtures or finished products.
[2] In this category, we report on the quantity of our products sold, the composition of which, according to the respective safety data sheets, exclusively comprises so-called substances of very high concern according to ESRS.
[3] In this category, we report on the proportion of substances of very high concern according to ESRS in our products sold.
[4] Due to substance properties and the legal classification definitions, a substance can be reported in several hazard classes, which can lead to a duplicate count between the various hazard classes. As the total is adjusted for such duplicate counts, the weight data for the individual hazard classes does not add up to the total.

4.2.4 Water and Marine Resources

As water is an important resource in the areas of healthcare and agriculture, we have an intrinsic motivation to help address the water crisis. We therefore focus extensively on our impacts, risks and opportunities in the context of water management.

Management of impacts and risks related to water scarcity resulting from water consumption

As part of our double materiality assessment, we have identified the potential negative impact on water availability that could possibly lead to water scarcity due to our production processes' consumption of natural freshwater reserves.

Policies related to water scarcity resulting from water consumption [E3-1]

We alleviate our negative impacts on water resources by promoting an efficient sustainable water management system throughout our value chain that is based on our water strategy and the related risk mitigation measures.

Our water management strategy to manage and mitigate water stress

Conservation of natural resources is an integral part of our commitment to sustainable development. Our Water Position therefore shows how we conserve water resources and improve water usage efficiency both within and outside the company. Specifically, we want to improve water management in our own operations, involve our suppliers, develop innovative solutions for our customers and support municipal projects.

To minimize our impacts in our own operations, we strive to apply strict standards worldwide. This commitment encompasses compliance with all international and local laws and the continuous improvement of water reuse, water recycling and wastewater treatment. We monitor local water consumption, quality and emissions around the world and would thereby like to ensure that water bodies are not polluted or endangered through wastewater.

We regularly collaborate with relevant suppliers who contribute to resilient water management. We also continuously drive irrigation efficiency forward throughout our seed production and focus on improving water usage efficiency in agricultural practices. We want to promote our positive impact on our downstream value chain and therefore cooperate with farmers and business partners to offer innovative solutions for water-resilient agriculture. We also support projects designed to give our employees and communities access to clean water and sanitary facilities. Our Water Position also addresses the avoidance and reduction of water pollution through initiatives such as the development of measures to recover contrast agents.

Our Water Position applies worldwide and to all sites of our own operations, including some sites in regions affected by water scarcity. To lessen the potential impacts of water scarcity, we want to advocate good water management, especially where the availability of water is limited. To do so, we reflect the interests of our stakeholders, for example by cooperating with regulatory authorities, nongovernmental organizations, the scientific community, the public and the private sector. This integrative approach is aimed at ensuring that different perspectives and concerns are accounted for in our decision-making process in accordance with our efforts to promote transparent reporting and responsible water management practices.

Responsibility for implementing the principles of our Water Position lies with the Chief Sustainability Officer, supported by the Public Affairs, Sustainability & Safety Enabling Function in cooperation with the responsible employees in the countries and divisions at all of our sites. The Bayer Water Position can be viewed on our website.

Water management through our health, safety and environmental protection requirements
Our Health, Safety and Environmental Management (HSE) and HSE Key Requirements Policy helps to mitigate the potential negative impacts of water consumption on natural freshwater reserves, ensure responsible water management and reduce the risk of water stress. The policy therefore deals particularly with the following elements:

// **Pollution control standards**: The policy states that pollution control standards must be established and measures such as secondary retention systems for storage tanks, proper infrastructure maintenance and impermeable surfaces to protect natural freshwater reserves put in place.
// **Retention and disposal**: The provision of an adequate retention capacity for abnormal effluents, liquid spills and potentially contaminated water is designed to prevent these pollutants from entering natural water bodies, thus protecting freshwater resources.
// **Wastewater management:** The documentation of all wastewater streams and the safeguarding of detailed technical documentation of the entire associated infrastructure contribute to effective wastewater management and treatment, reduce the risk of water pollution and conserve freshwater resources.

For more on the Health, Safety and Environmental Management (HSE) and HSE Key Requirements Policy, please see the section “Holistic policies for managing material sustainability matters [MDR-P]” in Chapter A 4.1 General Information on the Sustainability Statement.

Minimizing the risk of water contamination by ensuring process and plant safety
Our rules on process and plant safety are aimed at preventing hazardous releases and ensuring the safety of our plants, and thus the environment, including bodies of water adjacent to our sites. This supports responsible water management by reducing the risk of water contamination.

This takes into consideration the conservation of natural freshwater reserves and the potential impacts of water consumption on local communities and ecosystems, matching the interests of our stakeholders. For more information on our rules on process and plant safety, please see the section “Ensuring safety and environmental protection through process and plant safety” in Chapter A 4.2.3 Pollution.

Actions related to water scarcity resulting from water consumption [E3-2]

We continuously assess and improve comprehensive water management systems for our own sites to address water scarcity as a result of high water consumption.

Establishment of a water management system for sites in water-scarce regions

To pursue the objectives of our water strategy, we are currently establishing water management systems at all relevant sites in regions affected by water scarcity. The establishment of our water management system at all relevant sites is scheduled for completion by 2030.

Relevant characteristics of a water management policy are a balance between water consumption and availability, as well as the optimal conservation of water resources. Due to widely varying local situations, each water management system is designed individually on the basis of a detailed analysis that takes into account local circumstances and the relevant parameters of our water supply and disposal. We address identified risks with locally adapted countermeasures such as the establishment of alternative supply sources, the improvement of wastewater quality or wastewater recirculation. These activities are accompanied by management measures such as regular employee training in water management and participation in roundtables with regulatory authorities and residents. The scope of this measure encompasses our global activities and all departments within the organization.

Management of impacts and opportunities related to water availability through product and service innovations

Alongside our potential negative impacts on water availability, we have identified several positive impacts and opportunities in connection with water management. The opportunities associated with product innovations include the development of more resilient seeds and varieties (e.g. early varieties, stress tolerance, improved resilience against flooding). Examples include Seminis™ Aryaman tomatoes, Delatpine™ cotton varieties and Arize™ hybrid rice. We also promote digital empowerment and good agronomic practices, as well as the formation of partnerships, to advance water-efficient agriculture on a broad scale.

Actions related to water availability through product and service innovations [E3-2]

Our innovation potential is leveraged to develop scientific solutions, promote sustainable farming practices and enter into partnerships to strengthen water resilience in agriculture, among other goals.

Promoting a water-efficient cultivation system

We promote the use of direct seeded rice (DSR) in agriculture. DSR is one of the most promising cultivation methods for enabling water resilience in rice production, which is traditionally very water-intensive. This technologically driven and less resource-intensive cultivation system has the potential to reduce water use in rice production by up to 40% and the associated greenhouse gas emissions by up to 45%. The adoption of DSR can also reduce the demand for manual labor by up to 50% and thus help alleviate the labor shortage in rural areas.

Our innovation endeavors targeting a higher degree of water resilience in farming span our global activities, although we focus especially on our Crop Science portfolio.

Metrics and targets in the area of water resources

Through our metrics and targets, we want to show our progress in the context of managing water as a resource.

Target for the efficient use of water in the value chain [E3-3]

In our Crop Science Division, we have set ourselves the target of supporting our smallholder customers in increasing water productivity by 25% by 2030 against a 2019-2021 average baseline through the transformation of rice cropping in the relevant geographies where Bayer operates, starting in India. Water productivity is defined as kilogram of crop yield per volume of water applied (kg/m^3). The base year validation has not yet been completed. Our water target is currently focused on the DirectAcres Initiative, which aims to support farmers in successfully shifting from the traditional rice cultivation method (transplanted puddled rice, TPR) to direct seeded rice (DSR). The method used to determine our water target will be published in a timely manner.

Water consumption [E3-4]

Data from water extraction and discharges at each environmentally relevant site is collected by local working groups according to local and global internal standards. At some sites, data is collected through direct measurement (e.g. through water meters or calibrated pumps). All sites where annual energy consumption exceeds 1.5 terajoules or whose annual water consumption is greater than or equal to 50 Tm^3 are regarded as environmentally relevant. The environmental data of the other sites that are below the thresholds has no relevant influence on the figures for the overall environmental data.

This data is entered once a year by a dedicated HSE officer at each site into a central reporting platform that records the measured data for January through October and the estimated data for November and December. The estimate is based either on the prior-year data, where necessary restated to reflect special events in the current reporting period, or on updated data from the current reporting period. The data is then reviewed and validated by a central team to ensure its accuracy and completeness.

Our total water consumption in 2024 was 21.01 million m^3 (2023: 20.78 million m^3). Our total water consumption is calculated as the difference between the volume of water extracted and the volume discharged.

Our water consumption in regions impacted by water risks according to ESRS, including regions with high water stress according to ESRS, was 5.36 million m^3 in 2024 (2023: 4.92 million m^3). We identify these regions using the data from the Aqueduct Water Risk Atlas 4.0 of the World Resources Institute (WRI). The evaluation covers all sites impacted by water risks (Weighted Aggregated Water Risk Total by Default Weighing Scheme indicator is ≥ 3) and all sites in regions with a high level of water stress (Baseline Water Stress indicator is ≥ 0.4). The data is extracted for the exact geolocalization of every single site. If a site is operated on more than one land plot, the plot with the highest water stress or water risk at the beginning of the study was evaluated to ensure a conservative approach.

A 4.2.4/1

Total Water Consumption and Water Consumption in Areas at Water Risk, Including High Water Stress

million m^3	2023	2024
Total water consumption	20.78	21.01
of which in areas at water risk including high water stress	4.92	5.36

As we recycle water at many of our sites, our total water extraction of 53.47 million m^3 in 2024 (2023: 53.36 million m^3) is much lower than the volume of actually recycled and reused water in 2024, at 384.80 million m^3 (2023: 381.09 million m^3). This yields a mathematical recycling ratio of 719% in 2024 (2023: 714%). Recycling measures include reuse of treated wastewater, closure of cooling cycles and recirculation of steam condensates as process water or to irrigate fields. Our production sites for crop protection products (Crop Science Division) account for the biggest share of water recycling. Water recycling is virtually impossible in seed production because water is mainly used to irrigate cropland. In pharmaceutical production (Pharmaceuticals and Consumer Health divisions), the water recycling rate is low due to strict legal requirements. In 2024, approximately 29.9 % (2023: 32.4 %) of all water used by us was cooling water that is heated and does not come into contact with products. It is returned to the water cycle without further treatment in line with the relevant official permits.

A 4.2.4/2

Water-Related Metrics by Division

	Crop Science		Pharmaceuticals		Consumer Health		Other segments		Total	
million m^3	2023	2024	2023	2024	2023	2024	2023	2024	2023	2024
Water withdrawal	43.75	43.80	6.03	6.28	1.69	1.66	1.89	1.74	53.36	53.47
Water discharge	24.02	23.83	5.37	5.78	1.39	1.24	1.79	1.60	32.58	32.46
Water consumption	19.72	19.96	0.66	0.50	0.29	0.42	0.10	0.13	20.78	21.01
Water recycling and reuse	381.05	384.75	0.02	0.03	0.01	0.02	0.01	0.004	381.09	384.80

Water intensity reflects our water consumption as a ratio of Group sales (please see the section "Bayer Group Consolidated Income Statements" in Chapter B Consolidated Financial Statements). Our water intensity in 2024 amounted to 450.80 m^3 per million euros of net sales (2023: 436.15 m^3 per million euros). This was attributable particularly to water consumption at our Crop Science Division.

A 4.2.4/3

Water Intensity

m^3 / € million	2023	2024
Water intensity	436.15	450.80

4.2.5 Biodiversity and Ecosystems

With our innovative technologies and services, we strive to mitigate impacts on species diversity both within and outside agricultural lands, thereby fostering the conservation of biodiversity.

Strategy

With regard to biodiversity, we expect compliance with regulatory requirements and legal regulations in our business activities.

Transition plan and consideration of biodiversity and ecosystems in strategy and business model [E4-1]

Through the identification, evaluation and prioritization of the impacts, risks and opportunities of our business model related to biodiversity and ecosystems along our value chain, we identified material issues within the scope of our double materiality assessment that are also related to the resilience of our strategy; an additional resilience analysis was therefore not conducted.

Material impacts, risks and opportunities and their interaction with strategy and business model [SBM-3]

As we operate in a heavily regulated environment, comply with laws and regulatory requirements and strive to minimize the potential environmental impact of our sites during normal operations through mitigation measures, our double materiality assessment did not identify any material impacts with regards to our sites' normal operations on biodiversity, ecosystems and endangered species.

Our sites are principally subject to the residual risk of unforeseen events that could potentially lead to negative impacts on biodiversity and ecosystems. We strive to prevent negative environmental impacts through our actions for both normal operations and the management of unforeseen events. For more information on how we manage unforeseen events, please see Chapter A 4.2.3 Pollution.

Management of impacts and risks related to soil degradation and the decline of biodiversity on land used for agriculture

A negative impact identified in our double materiality assessment is the degradation of soils and the decline in biodiversity on land used for farming due to various agricultural practices and partly associated with our products.

Policies to reduce soil degradation and the decline in biodiversity on land used for agriculture [E4-2]

We strive to mitigate our impact through a comprehensive set of policies, actions and targets. This includes our responsible product management policy.

Responsible product management through our Product Stewardship Commitment, Principles and Key Requirements Policy

To effectively reduce our impact, we have specified our principles of responsible product management in our Product Stewardship Commitment, Principles and Key Requirements Policy. Our product stewardship commitment applies throughout the life cycle of all seeds and genetically modified plant traits, biologics and crop protection products, and services in our portfolio. We regard our product stewardship as being able to maintain the availability of high-quality products, services and best practices to ensure compliance with all legal and regulatory requirements, facilitate trade, maximize product potential and sustainability, and minimize risks to the health of people and animals, as well as the environment.

These principles pertain to both our own operations and the downstream value chain. They focus particularly on the areas of research and development, production, packaging, storage and transport, marketing, brand development, intellectual property, sales and distribution, integrated crop protection and resistance management, responsible use, packaging management, product discontinuation and the disposal of unused supplies. The policy also addresses responsibility for the impacts of our products on the state of species and on the extent and condition of ecosystems, as well as the management of biodiversity and ecosystem-related impacts in conjunction with our products and agricultural practices, particularly in the following areas:

// **Research and development:** The goal is to develop sustainable products and services with improved efficacy, productivity and demanding safety profiles for people and the environment.
// **Responsible use:** We establish suitable programs to train and instruct our employees and customers in the responsible management of our products and services, taking into account the entire life cycle. This includes measures to protect the environment, sensitive crops and water sources, as well as to minimize exposure and the risk to people and animals. Through targeted training courses, we show farmers, seed treatment professionals, distributors and other users how to use our products both effectively and safely to maintain healthy plants and thereby increase the yield and quality of their harvested goods. Our objective is to continuously increase the outreach of our training activities through more widespread use of digital media. We publish the number of external training contacts (e.g. with farmers, field workers, distributors, retailers and other agricultural industry stakeholders) worldwide every year.

Regarding reputational risks, our principles of responsible product management help to further reduce potential environmental impacts through improved product properties and responsible application practices.

Responsibility for product stewardship in the Crop Science Division lies with the Research and Development function, which reports directly to the Crop Science Executive Leadership Team, the highest decision-making body within the division. The Executive Leadership Team is led by the head of the Crop Science Division, whose position makes him a member of the Board of Management of Bayer AG. Our Product Stewardship Commitment, Principles and Key Requirements Policy is designed to help all employees ensure the responsible and ethical development, handling and use of our products and services. It creates the basis for safeguarding our business operations through the implementation of product stewardship and quality management measures, as well as compliance practices, throughout the product life cycle. This strengthens partnerships and the public dialogue with our most important stakeholders to create lasting trust in our products and services, maintain our economic foundation over the long term and ultimately improve public trust. The policy is publicly available on our website.

We strive for sustainable management of our products and services based on several internationally recognized standards as well as complying with all legal and regulatory requirements.

In addition to the FAO-WHO Code of Conduct, we are committed to complying with further voluntary commitments throughout the value chain. These include the International Code of Conduct on Pesticide Management of the Food and Agriculture Organization of the United Nations (FAO), the Plant Biotechnology Code of Conduct of CropLife International, the Excellence Through Stewardship (ETS) and Responsible Care programs and the Universal Declaration of Human Rights. Together with various industry initiatives and regulatory framework conditions, these guidelines serve as the basis of our product stewardship. We also adhere to the precautionary approach as described in Principle 15 of the Rio Declaration of the United Nations and Communication 2000/1 of the European Commission.

Our objective is to transform the future of farming through the scaling of our concept of regenerative agriculture. The concept of regenerative agriculture is a results-oriented production model for us. Improving soil health is a key element and often the basis for improved adaptability to the effects of climate change, for example. Further important aspects and benefits are a contribution to climate change mitigation through the reduction of greenhouse gas emissions and increased carbon capture in the soil, the maintenance, protection or restoration of biodiversity on agrarian landscapes, the conservation of water resources through improved water retention and the reduction of water runoff, as well as an improvement in the economic well-being of farmers and communities.

Actions for reducing soil degradation and the decline in biodiversity on land used for agriculture [E4-3]

The key actions we take to reduce our impacts lie in our concept of regenerative agriculture.

Regenerative agriculture to improve soil health and maintain biodiversity on land used for agriculture

Our primary measures to implement our fundamental objectives and practices are based on our concept of regenerative agriculture and are supplemented by our initiatives for the responsible use of our products, such as the Bayer Safe Use Ambassador Program or the BayG.A.P. service program, as well as by our CropKey Target-Based Discovery approach, which focuses on new and more selective modes of action, and our achievements in the development of safer and more environmentally compliant products and solutions. Our policy of regenerative agriculture focuses on the activities of our downstream value chain.

We are at the beginning of our journey toward regenerative agriculture. We also realize there is not one single solution for all farms, but that there instead must always be a combination of different solutions that deliver a regenerative agriculture system and related benefits. In the coming years, we intend to develop specific models for different regions and help farmers implement them by passing on knowledge and offering suitable products and services.

From our perspective, regenerative agriculture should contribute to six central outcomes: 1) increasing yields and improving productivity; 2) improving the social and economic well-being of farmers and communities; 3) improving soil health; 4) fostering mitigation of climate change through greenhouse gas emissions reductions and increased carbon sequestration in the soil; 5) maintaining, preserving and restoring biodiversity; 6) conserving water resources, for example by improving water use efficiency.

Our biggest contribution to these results comes from the innovations in our portfolio of solutions that we divide into the following categories:

// Crops and smart cropping systems: short-stature corn, hybrid wheat, direct seeded rice and new cover crops
// Seeds and traits: next-generation breeding, biotechnology
// Crop protection: new chemical profiles, biologicals
// Fertilizer: nitrogen fixation
// Innovations in carbon farming, data and digital solutions

It is always a combination of solutions that leads to a regenerative agricultural system and the related benefits. Offsets for biodiversity that are specifically aligned to the diversity of ecosystems, species and genes are not currently part of our action plan.

To include local knowledge in our biodiversity and ecosystem measures, we have initiated the Farmer Voice survey that polls the opinions of farmers from eight countries around the world (Australia, Brazil, China, Germany, India, Kenya, Ukraine and the United States). This survey analyzes and tracks the challenges faced by farmers today, their practices to protect nature and biodiversity, as well as their hopes for a sustainable future. Moreover, our Bayer Forward Farming programs enable us to work together directly with a network of independent farmers who test more sustainable and regenerative agricultural practices with a strong focus on conserving biodiversity and soil health, environmental impact reduction, water conservation and the objective of carbon-neutral agriculture. Via the worldwide Forward Farming network, we promote dialogue and the exchange of ideas and findings among a wide range of interested parties. This dialogue is conducted via in-person visits and virtual events. The global network currently embraces 24 Forward Farms spread across Europe, Latin America and Asia.

Management of reputational risks stemming from the high efficacy of our products in controlling unwanted weeds, pests or diseases on farmland, which may allegedly contribute to biodiversity decline on land used for agriculture

Although crop protection products are subject to stringent statutory regulation and must be highly effective and exert no impact on human health and no unacceptable impacts on the environment, we have identified reputational risks resulting from the societal perception of the supposed negative impacts of crop protection products on the environment. We recognize this as a risk and have implemented a set of policies and actions to align with societal expectations regarding biodiversity and mitigate these risks.

Policies related to reputational risks [E4-2]

Our policies related to reputational risks attributable to societal perceptions of presumed negative effects of our products in the field include intensive dialogue with our stakeholders.

Meeting societal expectations through our Bayer Societal Engagement principles

We have introduced the Bayer Societal Engagement (BASE) principles to ensure that we meet the expectations society has of our company and to create value for all of our stakeholders. Within our Code of Conduct, these principles are set out in a policy that establishes how we interact worldwide with our employees, patients, customers, consumers, business partners, political stakeholders, scientists, critics and stockholders. An online training course is compulsory for all employees. To strengthen trust in our interactions with our customers, patients, the consumers of our products, as well as the media, legislators, regulators, civil society organizations and our stockholders, we provide transparent and scientifically sound information on the benefits and risks of our products, while also monitoring the quality and safety of our products in the market.

The policy pertains, among other aspects, to the approach to social perceptions related to pollution and is publicly accessible on our website. Details on our Code of Conduct are also publicly available on our website. Responsibility for the implementation of this policy lies with the Public Affairs, Sustainability & Safety Enabling Function in cooperation with the senior management in the respective countries and divisions at all Bayer sites.

Serving as a guiding framework, the principles apply globally to our own operations in all areas and describe our actions in eight areas:

// Our engagement with society
// Our guiding principles and core values
// How we drive innovation
// How we act in the workplace
// How we conduct our business
// How we interact with our customers, patients and the consumers of our products
// How we interact with media, legislators, regulators and civil society organizations
// How we interact with stockholders

By applying these principles, we endeavor to live up to our social responsibility as a transparent company that acts sustainably and is respected for its contribution to progress in healthcare and agriculture. We want to listen, understand, take concerns seriously and engage in respectful dialogue, especially when difficult or uncomfortable topics are involved such as our impacts related to soil degradation and the decline of biodiversity on farmland.

Actions related to reputational risks [E4-3]

One of our core measures to promote intensive dialogue with our stakeholders is our transparency initiative, which provides information on the safety of our products.

Our transparency initiatives at Crop Science to inform about product safety

We maintain a dedicated transparency platform, providing access to the results of our studies on the safety of our crop protection products, safety reports for our active ingredients, and key regulatory submission documents for our genetically modified crops. This initiative complements our regular, informed and open science-based conversations with numerous stakeholders, regular sustainability reporting, as well as our active work in committees, specialist workshops and international initiatives and collaborations. We also share our operater safety standards to shed light on how we determine safety measures for the safe use of our products. A virtual visitor platform, OpenLabs 360°, has been launched, and we make plant breeding information available for informational purposes.

Since 2018, we have continuously disclosed information from various areas of our work in crop protection, genetically modified crops and plant breeding on our transparency platform. This measure is operational and scheduled to run indefinitely. Within the first years of our transparency initiative, we achieved the following milestones:

// In 2018, we enabled public access to crop protection study results and safety study reports for our active ingredients.
// In 2019, we set up public access to all of our glyphosate safety study reports.
// In 2020, we disclosed our regulatory submission documents for genetically modified crops.
// In 2021, we shared information on emergency authorizations for crop protection products, as well as our internal product safety standards to show how we determine safety measures for the safe use of our products.
// In 2022, we launched the virtual visitor platform OpenLabs 360° and shared educational information on plant breeding techniques.
// In 2023, we initiated the OpenLabs 360° webinar series, a platform that enables the public to learn about agricultural innovations and safety issues and ask our scientists questions live.
// In 2024, we published a new OpenLabs website that offers virtual tours of our global R&D sites and functions, enabling viewers to observe our scientists virtually as they conduct safety studies, view our scientific publications and come into contact with our experts. We are currently preparing to launch a second virtual OpenLabs 360° platform, allowing the public to observe how we conduct safety studies on genetically modified crops.

Offsets for biodiversity that are specifically aligned to the diversity of ecosystems, species and genes are not currently part of our action plan.

Metrics and targets related to biodiversity and ecosystems

With our targets and metrics, we show our progress related to the material impacts in the area of biodiversity and ecosystems. Our goal of reducing the environmental impact of our crop protection products currently pertains to reducing their impacts on aquatic non-target-organisms on and near farmland.

Targets related to biodiversity and ecosystems [E4-4]

With respect to our concept of regenerative agriculture, we strive to deliver the best possible outcomes for farmers and the food system while reducing agriculture's impact on the planet. According to the Intergovernmental Science-Policy Platform on Biodiversity and Ecosystem Services (IPBES), the decline in biodiversity is primarily attributable to land use change, resource exploitation, climate change, pollution and invasive species. Crop protection, next to fertilizers and breeding advancements, has enabled humanity to meet a constantly growing demand for food and animal feed, as well as raw materials for the energy and textile sectors while minimizing land usage for these purposes. This represents a vital step in helping to reduce land use change. Crop protection products do not just increase yield – they also have an environmental impact when applied to fields.

Reducing the environmental impact of our crop protection products

The prerequisite for placing crop protection products on the market is clear proof of efficacy, while at the same time ensuring no impacts on human health and no unacceptable impacts on the environment. Crop protection products are therefore highly regulated by governmental authorities. Through our research and development, we consistently seek to offer crop protection products that have the same or better benefits for farmers, while having less impact on the environment. This contributes to "minimization" as regards the mitigation hierarchy policy according to ESRS. This objective does not include biodiversity offset measures.

Our goal of reducing the environmental impact of our crop protection products particularly pertains to their impacts on so-called non-target-organisms on and near farmland. By 2030, we want to reduce the treated-area-weighted environmental impact per hectare of Bayer's global crop protection portfolio by 30%. The average treated-area-weighted environmental impact during the period 2014 through 2018 serves as the baseline for our target.

We established this target based on the planetary boundaries concept and the UN Sustainable Development Goals. One of the exceeded planetary boundaries are novel substances including industrial chemicals and crop protection products. To efficiently address this, we are committed to the goal of reducing the environmental impacts of our crop protection products. Our focus lies on assessing the potential environmental impact related to the application of our crop protection products on fields. It currently is not possible to quantify the planetary boundary for novel substances.

The target is in alignment with the key commitments of the EU Biodiversity Strategy for 2030, as well as with target 7 of the Kunming-Montreal Global Biodiversity Framework and aims to reduce the risk of crop protection products. Our environmental impact reduction target relates to our global crop protection portfolio, which is applied on agricultural land as part of our downstream value chain activities.

By using the Crop Protection Environmental Impact Reduction (CP EIR) methodology, we add the dimension of a robust scientifically sound tool to enable a comparison of the relative environmental impact of different crop protection products on a farm. Moreover, this enables us to choose and develop products that have less environmental impact while maintaining benefits for farmers.

We are the first company in the agricultural industry to assess the potential global environmental impact of our crop protection portfolio with the help of externally developed consensus models.

// PestLCI has been developed and established by the Technical University of Denmark (DTU) in cooperation with other institutes and organizations since 2006. This model estimates how much of an active ingredient enters the adjacent environment following application of a crop protection product in the field.
// USEtox® has been developed under the auspices of UNEP-SETAC in cooperation with various universities and institutions since 2008. This model determines the concentration of crop protection products in the immediate vicinity and assesses their potential impact on aquatic ecosystems (defined as the potential impact on aquatic nontarget organisms). USEtox® is also recommended by the European Commission as a model for the analysis of a product's life cycle and environmental footprint.

As the science of environmental impact assessment is continually evolving, we are working with a scientific consortium developing these models, as well as with other experts in the field, to expand the capabilities of the current models. Currently, the models are limited to potential impact on aquatic organisms. These models and the underlying methodology are publicly available. In the future, we plan to expand the calculations to soil organisms and pollinators as soon as these model expansions have been published by the scientific consortium.

The following stakeholders were surveyed through an external agency about their perception of our targets and the associated measurement parameters and actions: Foundation for Research on Biodiversity, National Institute of Agricultural Research (INRA), University of Southern Denmark and Agricultural Research Centre for International Development (CIRAD).

Continuous transparency regarding agricultural innovations
Our ambition is to continuously provide transparent safety information on Bayer's future agricultural innovations, as well as to build societal trust in our products by making our science more approachable, understandable and relatable. Quantitative targets and metrics are not part of our action plan.

Impact metrics related to biodiversity and ecosystems change: reducing the environmental impact of our crop protection products [E4-5]

According to available data from the period 2019 through 2023, we reduced the treated-area-weighted environmental impact per hectare of our global crop protection portfolio against the 2014-2018 baseline by 13%. This reduction is mainly due to the continuous transformation of Bayer's crop protection portfolio. Based on the described approach, an assessment was performed in 2021 on the environmental impact of our crop protection products, as well as all other globally applied crop protection products on the market. One of the conclusions of the analysis is that the impacts of our crop protection products represent around 2% of the global environmental impact of all crop protection products, despite our market share in terms of sales being significantly higher (around 15% of the global crop protection market).

The CP EIR metrics we have established to measure the reduction in the environmental impact of our crop protection portfolio help us to better compare the relative environmental impacts of different crop protection tools on a farm. Moreover, this enables us to choose and develop products that have less environmental impact while maintaining benefits for farmers.

Our CP EIR assessment compares the impact of crop protection products. The calculation results in a numerical Environmental Impact Score per application scenario. The score depends mainly on the environmental profile of the active ingredient applied on the field, the amount applied and other factors influencing emissions into the environment, such as application method and timing.

Included in our goal of reducing the environmental impact of our global crop protection product portfolio are all Bayer applications of crop protection products that can be characterized by PestLCI and USEtox®, are applied in the field worldwide and are recorded in the AgroWin system.

The baseline is the average value of all our crop protection products applied in the field globally between 2014 and 2018 and their respective environmental impact. Using an average as the baseline takes account of the specifics of agriculture such as seasonality or dependence on climatic conditions. To ensure the transparency and credibility of the baseline, performance tracking and calculation of CP EIR, all required model input data is third-party data, including substance characteristic data. The crop protection application data in the AgroWin system mainly originates from external data providers. A small portion of this data is based on internal Bayer estimates.

The CP EIR assessment does not account for the environmental impact of other cultivation methods applied within farming and integrated crop management, such as plowing, seed bed preparation, fertilizing or harvesting.

We have provided an extensive inventory of detailed historic market data on crop protection applications globally to the Technical University of Denmark (DTU). The DTU combined the crop protection inventory data with PestLCI and USEtox® to calculate a global crop protection impact assessment. An external panel of experts independently performed an assessment of how Bayer and the DTU apply the models to assess the environmental impacts of crop protection products, and how we measure performance against its target attainment. Other methodological considerations are also assessed.

4.2.6 Circular Economy

We understand the importance of waste management as part of a circular economy. Our efforts are directed at reducing waste and emissions, promoting recycling and minimizing environmental exposure.

Management of impacts and risks related to waste

As part of our double materiality assessment, we have identified several material impacts associated with waste. These impacts pertain especially to the pollution of habitats and the endangerment of species through incidents related to the unintended discharge of hazardous waste (such as through incineration or landfilling) from our production sites or mining operations, as well as to the contamination of natural water reserves and aquatic organisms through the disposal or excretion of pharmaceuticals into water streams in the downstream value chain. Furthermore, the manufacture of our products can generate nonrecyclable waste that must be disposed of, which can contribute to a depletion of resources.

Policies related to waste [E5-1]

To manage our waste-related impacts, we have established effective requirements in our own operations.

Promoting waste management through the Health, Safety and Environmental Management (HSE) and HSE Key Requirements Policy

Our Health, Safety and Environmental Management (HSE) and HSE Key Requirements Policy describes our approach to dealing with waste-related impacts by taking into account comprehensive waste management practices. The policy addresses the shift away from the extraction of new resources by giving precedence to waste avoidance, promoting recycling wherever possible, and ensuring the safe and environmentally compatible disposal of unavoidable waste, which in turn increases the relative use of recycled resources.

According to our policy, waste generation is to be avoided wherever possible. The policy deals with the waste hierarchy, which establishes an order of priority for the management and disposal of waste, including the recycling and reuse of materials. The policy does not explicitly deal with the matters of sustainable procurement and the use of renewable resources. For more information on our Health, Safety and Environmental Management (HSE) and HSE Key Requirements Policy, please see the section “Holistic policies for managing material sustainability matters [MDR-P]” in Chapter A 4.1 General Information on the Sustainability Statement.

Compliance, sustainability and safety through our Waste Management Policy

Waste management is a key environmental factor for all our activities. For this reason, our Waste Management Policy establishes further guidelines and proven processes geared toward achieving a standardized approach for waste management in all our operations, including:

// **Ensuring compliance** with local regulations, international conventions (such as the Basel Convention) and our internal targets and expectations regarding sustainability
// **Establishing preferred Bayer minimum standards** to achieve globally standardized waste management practices, which is especially important if the local legal requirements are less stringent or explicit
// **Providing guidelines** for waste hazard classification and risk management
// **Cultivating a waste-hierarchy-based approach** for evaluating and selecting waste management methods for our waste
// **Describing our preferred standards** for providers of waste services

Professional management of risks to health, safety and the environment is the key to avoiding unjustifiable risks that can lead to serious personal injury and environmental damage. As the reduction of health, safety and environmental risks is heavily regulated in many countries, adequate health, safety and environmental risk management ensures compliance with legal regulations, prevents operational disruptions and protects our reputation.

Implementation of this policy is ensured by local site and plant management within the scope of our country organizations. It is primarily addressed to our employees involved in waste management, and therefore is only accessible internally. The policy covers the management of operational waste from its generation to its final disposal and ensures compliance with local laws and international agreements. Wherever applicable local regulations or laws go beyond the standards of the policy, the legal requirements take precedence. The policy applies worldwide to site management, health, safety and environment functions and all responsible parties. Exceptions include radioactive waste, which must be disposed of according to special rules, and wastewater destined for treatment plants. Compliance with the policy is ensured through HSE audits. The Basel Convention and the EU reference documents for the best available technologies (2010/75/EU) were taken into account in the implementation of this policy.

Actions related to waste [E5-2]

Our actions related to waste pertain particularly to safety and risk assessment in the area of waste management.

Management of waste-related impacts by our waste management

We pursue a comprehensive approach to the management of waste-related impacts in accordance with our Health, Safety and Environmental Management (HSE) and HSE Key Requirements Policy. Our operational actions include:

Secondary retention measures and leakage protection:

// Implementing effective secondary retention measures for storage tanks
// Ensuring the proper construction, maintenance and inspection of programs and suitable leakage identification for tanks, containers and piping containing hazardous materials

Infrastructure and inventory management:

// Using impermeable surfaces with an adequate retention volume in areas such as the loading and unloading zones of road and rail tankers, container storage areas and warehouses
// Keeping a current inventory of all waste streams, including detailed information about the name, description, source, volume, composition, hazard classification, and final treatment and disposal of each type of waste

Risk assessment and construction site management:

// Conducting risk assessments and implementing suitable control measures for maintenance and construction activities in areas with contaminated soil
// Developing and implementing strategies to ensure the protection of people and the environment at decommissioned contaminated sites
// Regularly monitoring our own landfills to prevent the contamination of soil and groundwater, with no new company-operated landfills being approved

Involvement and training of employees:

// Involving employees in the identification and assessment of HSE risks, and defining and implementing measures to reduce these risks to a feasible minimum
// Adequately notifying employees about relevant HSE risks and suitable risk mitigation measures
// Ensuring that HSE aspects are accounted for in product and process development, including replacing hazardous substances, conserving energy and resources, and the principles of safer design

Operational procedures and audits:

// Establishing and complying with operational procedures, with employees receiving regular training in safe procedures prior to completing tasks
// Implementing maintenance and inspection programs to ensure the reliability of equipment
// Implementing a global HSE audit program based on the international ISO 19011 standard that encompasses both general HSE audits and process & plant safety audits

Waste management and environmental protection:

// Treating or disposing of unavoidable waste/emissions in a safe and environmentally safe way
// Developing and implementing plans for preventing, monitoring and dealing with contamination incidents that are commensurate with the risk and the number of materials handled on site
// Establishing and pursuing site-based environmental targets and programs to reduce the environmental burden, with progress being monitored, reported and documented

Our most important measures are implemented worldwide at all of our relevant sites to ensure standardized waste management. As these activities are continuous actions, they are integrated into our ongoing operations and not implemented according to a fixed schedule. Every production site has its own HSE officers who are responsible for safety, prevention and causal analysis, including allocation of the necessary budget.

Global implementation of waste management measures
In accordance with our Waste Management Policy, our globally implemented measures encompass detailed waste management plans at every site, continuous risk assessments, the involvement of the employees and robust infrastructure management to effectively reduce environmental impacts. Each site-specific plan comprises a description of the waste management process according to a waste hierarchy, an up-to-date waste inventory, compliance with operating permits and legal requirements, and compliance with our internal standards, as well as site-specific targets and initiatives to improve waste management practices. As these activities are continuous actions, they are integrated into our ongoing operations and not implemented according to a fixed schedule. To ensure implementation, every production site has its own HSE officers whose responsibilities include the allocation of the necessary budget.

Management of impacts and opportunities by recycling and reusing materials

In addition to the negative impacts associated with waste, we also identified positive waste reduction impacts achieved by recycling and reusing certain production materials and solvents.

Policies related to the recycling and reuse of materials [E5-1]

In connection with the recycling of materials, we have implemented the “re:contrast” initiative.

Sustainable and conscious handling of contrast agent residues
The proper disposal of contrast agent residues protects the environment and conserves natural resources. Through our “re:contrast” initiative, we support our customers by collecting contrast agent residues from their medical facilities and recovering iodine and gadolinium from the residues for future use. As part of the re:contrast program, we take back product residues of our iodinated contrast agent Ultravist™ and our gadolinium-containing contrast agent Gadovist™ from our customers. By returning iodine and gadolinium to the value chains, we can help reduce the need to extract new iodine and gadolinium from sensitive ecosystems. Recovered iodine-based contrast agents are sent back to our production facility, where the iodine compound is removed and returned to the supplier. Recovered gadolinium-based contrast agents are also sent back to our production facility, and from there to an external partner that recovers and reuses the obtained gadolinium. The management of our radiology business leads the implementation of this initiative and oversees it. We offer re:contrast to our customers in various European countries. The details of the initiative are available on the website of Bayer Vital in Germany.

Metrics and targets associated with the circular economy

We strive to continuously improve our waste management, and our key data in the area of waste reflects our resource outflows.

Targets related to circular economy [E5-3]

We currently do not have any formalized targets in connection with the circular economy. Nevertheless, we want to sustainably optimize our activities and production processes by ensuring the efficient use of energy and raw materials, minimizing emissions and waste, and keeping wastewater emissions as low as possible. We want to ensure the continuous availability of clean water for the production sites and their surrounding areas. Waste management and recycling activities are systematically implemented to reduce material consumption and disposal volumes. Our sites also develop their own policies and targets for a sustainable future, with different priorities and actions to protect the environment. We additionally ensure the proper disposal of obsolete inventories or waste, particularly in the crop protection industry, and cooperate with industry associations and international organizations to support the proper collection and disposal of obsolete crop protection products in various countries. We also globally support programs geared toward the safe recycling and disposal of empty packaging and containers, with successful disposal programs already having been established in several countries. Our principles for responsible product management are established in our Product Stewardship Policy and the Health, Safety and Environmental Management (HSE) and HSE Key Requirements Policy, which are based on established and internationally recognized standards. Furthermore, our Consumer Health Division has signed the Charter for Environmentally Sustainable Self-Care of the Global Self-Care Federation to promote industry-wide progress in addressing environmental challenges, including sustainable packaging. We endeavor to deploy sustainable packaging throughout the value chain, with the objective of maximum functionality, minimum environmental impact and circularity. We also support regulatory framework conditions and political initiatives to promote innovative and sustainable packaging technologies, processes and business models.

The effectiveness of our policies and actions with respect to material sustainability-related impacts, risks and opportunities is safeguarded through continuous oversight, regular audits and compliance with our Health, Safety and Environmental Management (HSE) and HSE Key Requirements Policy. This approach ensures compliance with local and international rules, promotes best practices and supports our commitment to environmental protection and sustainability. We evaluate our progress using both qualitative and quantitative indicators such as the reduction of the waste volume, the increase in recycling rates, compliance with legal requirements and the successful implementation of site-specific waste management plans and initiatives.

Resource outflows [E5-5]

Our waste consists of hazardous and nonhazardous waste as defined by local regulations. Waste management is strictly regulated by local laws and internal company rules. Each of our sites must have an up-to-date waste registry containing the following information for each waste stream: name, description, origin and volume (metric tons), and sufficient details on the composition, hazard classification, treatment and final disposal.

Our main waste streams differ between our three divisions. The most frequent waste streams originate from the manufacture, formulation (mainly industrial wash liquids and mother liquors), discharge and use of pharmaceuticals and crop protection product packaging (including separately collected municipal packaging waste), absorbents, filter materials, cleaning cloths and protective clothing. Due to our business activity, our waste materials contain pharmaceuticals and raw materials for crop protection and seed treatment products, metals and minerals in laboratory waste, biomass in seed treatment processes and recyclable waste such as plastics and paper.

The waste volume is directly measured by the sites after its production and then once again after its disposal. As waste can be temporarily stored at sites, the volume of disposed waste can differ slightly from the volume of waste we generate. Once a year, measured waste volumes are entered by a dedicated HSE officer for all environmentally relevant sites into a central reporting platform that records the measured data for January through October and the estimated data for November and December. The estimate is based either on the prior-year data, where necessary restated to reflect special events in the current reporting period, or on updated data from the current reporting period. The data is then reviewed and validated by a central team to ensure its accuracy and completeness. All sites where annual energy consumption exceeds 1.5 terajoules or annual water consumption is greater than or equal to 50 Tm^3 are regarded as environmentally relevant. The environmental data of other sites that are below the thresholds has no relevant influence on the overall environmental data. The waste data is strictly monitored by the local authorities in accordance with local regulations. The approval authorities examine the waste streams and channels within the scope of the approval procedure, which comprises the filing of the application by the plant operator with all relevant information on waste management. The responsible authority reviews the application to ensure legal and environmental compliance. Approval is granted if the review is positive, potentially with conditions. Waste disposal is then regularly monitored by the authorities.

The total volume of waste fell by 12.4% year on year in 2024. This was mainly attributable to a lower production volume in the Crop Science Division.

A 4.2.6/1

Generated Waste

thousand metric tons	2023	2024
Total waste generated	**1,165**	**1,021**
of which hazardous waste	315.78	287.78
of which radioactive waste[1]	–	0.02

[1] Radioactive waste is generated in our own facilities through research and development in the Crop Science and Pharmaceuticals divisions. We are reporting this figure for the first time, which is why there is no value for 2023.

The volume of nonrecycled waste was 462.29 thousand metric tons in 2024 (2023: 541.55 thousand metric tons), corresponding to a share of 45.3% of our total waste (2023: 46.5%). Our finished products, such as pharmaceuticals, crop protection products and seeds, are used almost exclusively as consumable materials for which reuse through recycling or recovery processes, as outlined in the circular economy approach, is not possible. The recovery of products from pharmaceutical and chemical production waste is only performed in individual cases due to significant regulatory and technical hurdles.

We calculate nonrecycled waste as the difference between the total waste volume and the volume of recycled waste. Under recycling we report the volume of waste that is reused or processed for reuse. A small proportion of the recycling figure comprises waste that is fed to a preparation process for reuse.

A 4.2.6/2

Waste by Category and Treatment Type

	2023			2024		
thousand metric tons	Hazardous	Non-hazardous	Total	Hazardous	Non-hazardous	Total
Waste diverted from disposal[1]	63.27	691.03	754.30	49.84	607.48	657.32
of which recycling	46.26	577.32	623.58	33.77	525.28	559.05
of which other recovery operations	17.02	113.70	130.72	16.08	82.20	98.28
Waste directed to disposal	254.53	157.79	412.32	239.05	125.21	364.26
of which incineration	229.66	66.07	295.73	216.56	69.30	285.86
of which landfill	11.09	84.54	95.63	11.01	53.60	64.61
of which other disposal operations	13.78	7.18	20.96	11.48	2.32	13.80

[1] As our finished products are used almost exclusively as consumable materials and the recovery of products from pharmaceutical and chemical production waste can only be performed in individual cases due to significant regulatory and technical hurdles, the data point “preparation for reuse” required according to ESRS is insignificant for us.

The data on waste removed from disposal channels and redirected to recycling processes, as well as the respective types of treatment, covers all internal waste management processes, as well as off-site waste management by authorized external parties. Other recycling processes include composting and energetic recovery, while other disposal processes comprise all internal and external processes that cannot be otherwise categorized (such as disposal through deep well injections).

Due to the varying depth of value creation, waste volumes are unequally distributed among our divisions. Crop Science has a higher share due partly to the greater product volume.

A 4.2.6/3

Waste Directed to Disposal by Division

thousand metric tons	2023	2024
Waste directed to disposal	**412.32**	**364.26**
Crop Science	325.33	304.76
Pharmaceuticals	75.23	51.17
Consumer Health	6.21	5.31
Other segments	5.55	3.01

4.3 Social Information

Social information is a relevant tool for us to confirm our commitment to responsible corporate governance and provide transparency on the impacts our actions have on employees, communities and society.

4.3.1 Own Workforce

Respect for human rights is a central tenet for us, and we place tremendous value on promoting an inclusive work environment that supports the well-being and development of all employees.

Strategy

To continue bringing our mission “Health for all, Hunger for none” to life, we began introducing a new organizational model called Dynamic Shared Ownership (DSO) in 2024. This organizational model is aligned even more closely to the needs of our customers and enables our employees to better meet these needs and thus deploy resources more efficiently.

Material impacts, risks and opportunities and their interaction with strategy and business model [S1.SBM-3]

Bayer’s impacts on our own workforce as a result of our strategy or business model can vary widely depending on the workplace. We invest heavily in research and development to meet the global demand for innovative solutions in the areas of healthcare and agriculture. This is why we need qualified specialists whom we want to retain within the company over the long term.

At the same time, advancing and evolving digitalization can lead to changes in various procedures, which brings efficiency gains but can also necessitate the continuing education and retraining of employees. As a global company with employees all over the world, we have to consider different cultural issues both globally and regionally. We therefore promote intercultural competencies and want to ensure fairness and respect at work.

We place high value on the continuous development of our employees and therefore support career development while strengthening employee retention. We apply a proactive approach that enables our employees to learn and undergo individual and autonomous training so as to develop their skills. We also promote flexible work models (e.g. hybrid working) to support our employees’ work-life balance and thus contribute to greater workforce satisfaction.

In this report, “employees” are all persons who have a contractual employment relationship with Bayer according to national law or national practice. This includes full- and part-time employees, interns and trainees. “Nonemployees” are employees of recruitment agencies (contractors). Changes in our business activity such has those resulting from internal restructuring due to the introduction of Dynamic Shared Ownership (DSO), as well as from economic fluctuations, could mean that our employees and nonemployees are exposed to material impacts. This could have both individual and collective impacts on the work procedure and well-being of the respective groups. Our employees are directly affected by the corporate strategies, such as those pertaining to research and development, digitalization and human resources development. They must adapt to new technologies and processes, as well as cope with restructuring and economic fluctuations and are often involved in continuous training and development programs. Our trainees and interns also benefit from training and development programs at Bayer and are equally affected by changes in our corporate strategy. Another group is our expatriates – employees on foreign assignment. Due to their employment outside Germany, these employees can be affected by different legal and cultural framework conditions that they must become familiar with and integrate into their work. Nonemployees such as temporary employees or external service providers can potentially be impacted by restructuring connected to DSO such that headcount reductions or a change in the order volume can occur because their labor, products or services are required less frequently and are instead covered by internal resources.

DSO is a new organizational model that will enable us to leverage the full potential of our businesses. Through DSO, we will build a successful organization that focuses fully on our mission “Health for all, Hunger for none” and on creating value for farmers, patients and consumers, as well as our employees, investors and other stakeholders. To achieve this, our Dynamic Shared Ownership (DSO) model breaks down hierarchy levels and bureaucracy in the company to accelerate decision-making processes and enable the employees to act more independently. This is designed to achieve greater employee participation and satisfaction, as they can better contribute and further develop their skills. Having fewer hierarchy levels and reduced bureaucracy in the company also makes it possible for our employees to focus more on fulfilling our mission. This thereby enables us to react faster to the needs of our customers. A more agile and efficient organization based on DSO is additionally intended to better address the challenges of the market.

The risks associated with the introduction of DSO lie in the resulting transformation, and thus the uncertainty among the employees as to whether they will continue to have a contractual relationship with the company in the modified organizational structure. In addition, some employees can have trouble adjusting when familiar work procedures change. The opportunities we see presented by DSO are that our employees have greater influence over decision-making processes in a flatter hierarchy and can become more involved. This can boost motivation and lead to a culture of improved cooperation.

We do not tolerate the use of child labor as described in ILO conventions No. 138 (Minimum Age) and No. 182 (Worst Forms of Child Labor). Children’s development must not be hindered. In cases in which young workers are employed, they must not perform tasks that are mentally, physically, socially or morally dangerous or impair their school education. Appropriate steps must be taken to protect their health and safety. We do not have any evidence that there is an increased risk of child labor in our own operations.

We do not tolerate any form of modern slavery, bondage or serfdom, forced or compulsory labor including bonded labor or indentured servitude, or involuntary prison labor or any form of human trafficking. We undertake to comply with ILO conventions No. 29 (Forced Labor) and No. 105 (Abolition of Forced Labor), as well as the Protocol of 2014 to Convention No. 29, and to identify and prohibit modern slavery of any type in our business activity and value chains. We do not have any evidence that there is an increased risk of any form of modern slavery in our own operations.

In some work environments, there is a risk that employees could suffer physical or psychological health impairments due to the work assigned to them or in the case of safety incidents. This applies particularly to all employees who work with hazardous materials or under dangerous conditions. To protect our employees, we have established extensive management systems for occupational safety (including an assessment of the respective workplaces and tasks) and health protection (including health screening). Our work organization also involves intensive familiarization and training measures (e.g. in the area of chemicals). In this way, we have an understanding of possible negative impacts and want to promote a healthy work environment. Possible adverse effects on our employees due to inadequate occupational health and safety could impact us as a company, for example in the form of operational interruptions, possible lawsuits or reputation damage, which must be avoided.

To create fair and respectful relationships at the workplace, we have introduced strict rules that are also part of our Code of Conduct (“Fairness and Respect at Work” section). Thus, we want to protect all our employees from unfair or unethical treatment at work. We promote a culture of appreciation that enables our employees to be themselves and to unlock their potential.

Like most companies, we need qualified and motivated employees to develop tomorrow's products, particularly in the area of research and development (R&D). Risks can also result from damage to the brand reputation or from ongoing litigations, and thus impair trust in the company. This could lead to diminished employer attractiveness among the workforce. We see opportunities wherever our employees are motivated to utilize their skills. As part of DSO, we have established a platform to enable the most talented employees to be brought together quickly for cross-functional projects. We expect this to improve the employees' motivation and innovation capability, and thus Bayer's performance.

We are exposed to risks from legal disputes or proceedings to which we are currently a party or which could arise in the future. This creates a risk for our brand reputation.

Our principles regarding our own workforce [S1-1]

Our Human Rights Policy comprises clear standards and rules that apply at Bayer, also and in particular related to child and forced labor (including human trafficking). Our Human Rights Policy obligates us to respect human rights within our own operations and promote them in our business relationships. This applies to all Bayer employees worldwide and also includes the entire value chain. It is therefore also applicable to our suppliers, business partners, customers, consumers and local communities.

Human rights standards serve as a manual for our decision-making processes and our constructive engagement for human rights both inside and outside the company. In accordance with the United Nations Guiding Principles on Business and Human Rights (UNGPs), we apply a risk-based approach that takes into account current legislation and builds on existing (internal) processes:

// Risk management system for conducting a comprehensive risk analysis
// The results of the risk analysis are reported to the Board of Management and further responsible decision-makers so as to develop action plans to counteract and limit risks and negative impacts in human rights matters
// Regular review of the risk management approach for human rights and monitoring of the implementation of our commitments along the entire value chain by the respective responsible persons, including determining the effectiveness of the measures for dealing with human rights risks and developing improvement measures
// Continuous documentation of and reporting on the measures and annual progress with regard to human rights due diligence

Our commitment to respect human rights is based on the UNGPs, which assign clear responsibilities to governments and companies as regards human rights, and on the OECD Guidelines for Multinational Enterprises. This commitment includes internationally recognized human rights in accordance with the International Bill of Human Rights and the Declaration on Fundamental Principles and Rights at Work of the International Labour Organization (ILO). The International Bill of Human Rights consists of the following elements:

// Universal Declaration of Human Rights (UDHR)
// International Covenant on Civil and Political Rights (ICCPR)
// International Covenant on Economic, Social and Cultural Rights (ICESCR)

We always act in accordance with national law. Where discrepancies exist between national law and international standards, we principally observe the more stringent standards.

The risk portfolio is regularly reviewed by the Bayer Assurance Committee. Six priority issues were determined in this connection: right to health, responsible management of resources, protection against child labor, right to freedom from slavery, serfdom and forced labor, right to fair and favorable working conditions and the right to freedom of association.

Our Code of Conduct includes the “Health & Safety” section, the importance of which is underscored for our employees and the entire value chain in our mission “Health for all, Hunger for none.” We use suitable management systems and processes to comply with our occupational health and safety standards for our employees. Details are described in our Health, Safety and Environmental Management (HSE) and HSE Key Requirements Policy. The management systems enable us to identify and reduce occupational safety risks that could lead to serious personal injuries should they materialize. By investigating incidents and potentially serious events, we can help prevent further events and thus promote a safety culture and a healthy work environment. The management systems also support compliance with legal requirements pertaining to occupational health and safety, and help to avoid operational disruptions and protect the company’s reputation.

Other clear priorities of our Human Rights Policy include the issues of discrimination, harassment and equal employment opportunity. It establishes the basic principle of fair and equal treatment for all employees at Bayer. In our own operations, our value chain and vis-à-vis local communities, we are committed to fair and respectful treatment and compliance with ILO Convention No. 111 (Discrimination).

No one may be unlawfully discriminated against due to protected characteristics such as age, disability, volunteerism, employee representation, ethnicity, marital status, gender, gender expression and identity, skin color, physical features, union membership, nationality, pregnancy, sexual orientation, social background, religion or another criterion.

We are committed to promoting and maintaining inclusive and equal opportunity for all people within our company culture and enabling everyone to be themselves at the workplace. We welcome and support the unique personalities of our employees and are convinced that they and their abilities are one of our most valuable assets. The different personalities, experiences, skills, approaches, views and unique abilities, and the time our employees contribute to their work, are together not just a significant part of our culture and reputation, but also a central factor in Bayer’s success. We ensure this by including “Fairness and Respect at Work” in our Code of Conduct and have implemented commitments and strategies that are designed to prevent discrimination.

Processes to remediate negative impacts and channels for own workers to raise concerns [S1-3]

At Bayer, we cultivate an open and transparent culture. We encourage employees and third parties to raise their concerns with regard to compliance and therefore promote an environment in which everyone feels comfortable expressing concerns. When questions are posed and concerns raised, this helps us to maintain a strong compliance culture. We also provide information, sufficient resources and advice to prevent violations of the law or company rules.

Employees can use our global Speak Up Channel in numerous languages. This is a secure channel that gives everyone (including the public) the opportunity to report alleged compliance violations confidentially (and anonymously, wherever permitted by local law). Employees and third parties can directly contact Bayer’s compliance department via the email address (Speak.up@bayer.com). If employees believe an activity or behavior could represent a material compliance violation, they have an obligation to report this.

Suspected compliance violations are recorded and processed within the scope of monitoring activities conducted by the compliance department. All grievance mechanisms culminate in a standardized system for systematically recording and investigating all types of risks and violations according to uniform criteria throughout the Group. As soon as a report is submitted, it is immediately forwarded to the responsible persons within Bayer for further investigation. The processing of reports takes place according to the guidelines in place at Bayer for internal investigations.

If contact data is provided, the investigation team makes initial contact within the first seven days. Those submitting reports are notified of the progress and conclusion of the investigation. Over the course of the investigation, we examine, for example, the content of the grievance for plausibility, further clarify the facts of the case, implement preventive or remedial measures if necessary and examine their effectiveness. All types of information and reports on investigations are only relayed on a strict need-to-know basis, as the highest value is placed on confidentiality and anonymity. A protected and continuous communication channel is opened for the complainant, including beyond the submission of the grievance, by way of a personal access number and password.

We support all employees in acting with integrity and proactively avoiding potential violations by implementing Bayer-wide training measures and communication campaigns that are tailored to target groups and based on identified needs. Our Code of Conduct forms the basis for our compliance communication and training activities. Both supervisors and compliance managers are available to answer employees' questions about lawful behavior. For more information on grievance mechanisms, please see Chapter A 4.4.1 Business Conduct.

Processes for engaging with the company's own workers and workers' representatives about impacts related to the freedom of association, existence of works councils and the employees' rights to information, consultation and codetermination as well as social dialogue [S1-2]

In globally operating companies, it is potentially possible that the interests of employees in the respective country companies are not sufficiently taken into account in management decisions by elected representatives and/or trade unions. Both the Code of Conduct and the Bayer Human Rights Policy address the issue of freedom of association. We respect the right and freedom of our employees to join organizations of their choosing. These organizations can participate in wage negotiations in accordance with applicable legal regulations. At all Bayer sites worldwide, employees have the right to elect their own representatives according to local laws and legal regulations, and we are committed to constructive, open dialogue with our employees and their representatives as well as to the involvement of works councils and unions in accordance with local laws and legal regulations. In 2024, collective agreements such as collective bargaining agreements or company agreements applied to around 53% of our workforce worldwide. At various country companies, the interests of the workforce are represented by elected employee representatives who have a right to be consulted on certain personnel-related decisions.

We offer our employees numerous means of actively discussing company-specific topics and scope for optimization via various internal communication channels. We actively involve our employees in business processes by offering the opportunity for dialogue. Informing employees comprehensively and in good time about upcoming internal company changes, in compliance with the applicable national and international regulations, is very important to us.

We measure employee engagement by means of systematic feedback discussions and employee surveys on different topics. This enables us to monitor the effectiveness of our initiatives and, if necessary, implement improvements.

The review of whether the measures have been implemented sustainably is carried out both through the annual HR survey on the implementation of measures relating to freedom of coalition, freedom of association and collective bargaining and through internal audits. We are also working on a concept to better evaluate the effectiveness of our measures aimed at respecting and protecting human rights. The design of the individual measurement systems is being further advanced, taking into account established measurement systems such as supply chain monitoring.

We engage in open and trustful dialogue with employees and employee representatives worldwide. The main dialogue formats are regular employee assemblies and information events for employees, as well as the European Forum, at which employee representatives from European sites engage in discussion with the Board of Management, for example, on topics of overarching relevance to the company.

Involvement of the employees takes place primarily through these existing employee representations. In Germany, there are local works council committees at the respective sites, as well as the Central Works Council and the Group Works Council for inter-site issues. As representatives of the employees, these institutions enforce the rights and meet the obligations bestowed on them according to the German Works Constitution Act within their respective scope of responsibilities. Other representative bodies are the aforementioned European Forum and employee representations in individual European countries. In the previously mentioned committees, the topics are presented in each case by those responsible for these topics so that they are directly involved in the discussion pertaining to the feedback. At the same time, minutes are kept of each meeting. The employee representatives have various means of communicating with the employees, be it through the works council members in their units, who regularly engage in dialogue in their respective units, or through the personnel liaison officers (employees in the units), who share information from the works council in organizational unit meetings, departmental meetings or employee assemblies organized by the site works council.

Topics of overarching relevance for different sites, such as human resources policy topics like a new feedback tool, are discussed in the Central Works Council and Group Works Council. For topics that impact a change at a site, the site level becomes involved. The resources for involving the works council vary, as this involvement represents a subtask of numerous HR employees responsible for business consulting. At the same time, it is also a subtask of the respective experts who develop and introduce the human resources policy topic fields.

The aforementioned committees address the previously listed topics. Other committees include the Youth and Education, Inclusion and Diversity, and Occupational Health & Safety and Environmental Protection committees. The issues relating to restructuring and the loss or creation of jobs are initially deliberated within the Economics Committee and subsequently in the relevant site committees in accordance with the German Works Constitution Act.

The perspectives of our employees are accounted for in decisions or activities via our employee representations. Involvement of the employee representatives depends on the topic involved and on workplace codetermination. It is based on the statutory codetermination regulations.

Operational responsibility for incorporating the results into the company concept does not lie with a specific person, but rather with the persons responsible for the topic, as the topics can range broadly from, for example, “approval of an employee survey” to “negotiations in connection with transformation.” If an organizational change is being considered, for example, operational responsibility for this change lies with the respective manager, who develops this change together with their leadership team in coordination with an HR partner. It is recorded in the onboarding process and in the internal knowledge database for managers that an HR partner is involved here. The latter is trained in the local codetermination rules to ensure that they include the employee representatives in deliberations on the organizational change. The way in which cooperation with the employee representatives takes place can be summarized as a “trust-based social partnership.” In this context we look at the agreements the company has made with the employee representatives in connection with respecting human rights within the company’s workforce. For more information on our Human Rights Policy, please see the section “Holistic policies for managing material sustainability matters [MDR-P]” in Chapter A 4.1 General Information on the Sustainability Statement.

Management of impacts, risks and opportunities related to inclusion and diversity

In our double materiality assessment, we identified several impacts related to fairness and respect at work. As a positive impact, for example, we support women in leadership positions, advance gender equality and aim to ensure equal treatment of external and internal employees through various initiatives. We are convinced that establishing a fair and respectful work environment promotes a positive sense of belonging among our employees, so that they feel a stronger connection with one another and with Bayer. Negative outcomes could materialize if there is a deviation from our company principles and from the clear rules for fair, respectful and inclusive interactions at the workplace. In such cases, the risk could arise that, for example, unfair interactions, hostility or isolation could occur at the workplace that would have legal

consequences and result in damage to the company's reputation and attractiveness as an employer. There is also the risk that inclusion-related activities are perceived as unfairly favoring certain populations over others. We have therefore made a proactive commitment to fairness and respect for all employees that positively impacts the employer brand, the company's reputation and the employees' satisfaction and productivity.

Policies related to fairness and respect at work [S1-1]

Our policies on fairness and respect at work are based on the Bayer Code of Conduct and the Bayer Supplier Code of Conduct.

Promoting an inclusive and ethical workplace in keeping with the Code of Conduct

Our Code of Conduct is the central guideline for supporting our commitment to inclusion. It comprises all standards our employees must comply with, including complete adherence to relevant laws and provisions, integrity in business practices, respect for human rights, environmental responsibility and commitment to ensure the fair and respectful treatment of all stakeholder groups. Through the Code of Conduct, Bayer creates a common understanding of the most important, globally applicable guidelines. It defines how our employees work together with colleagues and external partners, and serves as a compass to ensure that we act with integrity, make informed decisions and strengthen the identity of our company. We train our employees on its content and on behavior through web-based trainings. We investigate any violations and resolve them consistently. Confirmed violations are sanctioned in accordance with our sanction regulations. For more information on our Code of Conduct, please see the section "Holistic policies for managing material sustainability matters [MDR-P]" in Chapter A 4.1 General Information on the Sustainability Statement.

Promoting an inclusive and ethical workplace in keeping with the Bayer Supplier Code of Conduct

Our Bayer Supplier Code of Conduct obligates our suppliers to create an integrative and supportive work environment by promoting equal opportunity within their workforce. Furthermore, our suppliers are obligated to actively promote relations with companies owned or run by underrepresented groups, as we also do within the scope of our own procurement process. For more information on our Bayer Supplier Code of Conduct, please see the section "Holistic policies for managing material sustainability matters [MDR-P]" in Chapter A 4.1 General Information on the Sustainability Statement.

Actions related to fairness and respect at work [S1-4]

Our talent acquisition practices include our package of measures to promote equal employment opportunity in our global workforce.

Fairness and respect at work through fair talent acquisition practices

One of our most important actions is the implementation of fair and inclusive talent acquisition and talent management processes, focusing on training measures for managers on important practices during the hiring process (e.g. robust sourcing activities to identify the broadest pool of qualified candidates). This measure applies to all hiring processes at Bayer, and helps managers involved in recruitment to become aware of their potential biases. This approach has led to an improved recruitment process in recent years. Another important measure in terms of training is the globally available learning journey, which offers all employees extensive resources and learning opportunities throughout their personal learning journey. These training measures and resources apply to all Bayer Group employees and have led to a stronger awareness worldwide of the importance and implementation of respective practices. The training measures are accessible at all times and can be carried out voluntarily, with regular updates and continuous improvements. In countries in which external providers recruit potential candidates on behalf of Bayer, we have been using additional data to support talent attraction in talent acquisition since 2023. Our progress in this area also includes the use of inclusive language in job advertisements and of market insights to identify the availability of talents, and thus adapt a targeted strategy for enhancing our pool of qualified candidates.

To remedy the material impacts related to potentially unequal opportunities and to promote greater cultural awareness, Bayer offers continuous global exchanges and training measures such as “Understanding prejudices worldwide” to generate awareness about this issue, as well as the global mentorship program “Leadership Link.” It is planned to offer these measures in the future as well. The awareness training described below and the employee survey also ensure that we enhance awareness among our employees create a respectful work environment and collect feedback to establish satisfaction and measure potential problem areas. Furthermore, our Code of Conduct includes a Fairness and Respect at Work policy to avoid negative impacts on our employees in this area. We also offer training on various sub-topics in order to provide significant opportunities in terms of a fair and respectful working environment.

The Employee Survey allows us to obtain insights once a year into the perception of inclusion. All employees had the opportunity to take part in 2024. If actions should become necessary due to the feedback received, which has not been the case in 2024, we would discuss this internally. Other resources we utilize in the management of material impacts in the area of inclusion are our system landscape and applicable reporting tools.

Culture, education and awareness through our Business Resource Groups
Another aspect that supports our culture strategy is the work being done by our global Business Resource Groups (BRGs):

// ENABLE (supporting employees with disabilities/diverse abilities)
// MERGE (enhancing multigenerational competence within the company)
// GROW (supporting women’s equality)
// BayAfro (supporting employees of Black/African descent and their allies)
// BLEND (supporting lesbian, gay, bisexual, transgender and queer (LGBTQ+) employees and their allies)

Our BRGs are voluntary, company-sponsored groups of employees who work together to promote cultural awareness and corresponding education. Our BRGs encourage participation by all employees. BRGs assist us in cultivating an inclusive workplace. They connect various stakeholder groups within the company and society and help Bayer to create an inclusive workplace by pursuing a one-year strategy plan in which they demonstrate their individual progress. Both in the past and in the current reporting period, our BRGs worked to meet their individual goals by elevating the perspectives of their membership and promoting cooperation and exchange between employees of various age groups within the organization.

One example of a measure to support the material impacts and promote fairness and respect is our participation in the Wings for Life World Run to highlight the importance of amplifying voices for people with disabilities and their allies.

Each global BRG has its own plans of action and coordinates the strategy and progress in this area with its business areas and its sponsor from the Board of Management. Each BRG is also supported by a member of the Board of Management and an executive sponsor from the company. In addition, Bayer has several BRGs at a country and site level, with local executive sponsors who support their local efforts. Their positive efforts to promote inclusion have a favorable effect on Bayer as an employer brand and on employee satisfaction, as they give a voice to the various stakeholder groups in the company and the community. The BRGs thus help to create an integrative workplace.

The Employee Survey allows us to obtain insights once a year into the perception of inclusion. All employees had the opportunity to take part in this survey in 2024. The promotion of an inclusive work environment in which employees are encouraged to be creative and express their ideas freely garnered a high approval rating (4.0/5). Another resource we utilize with regard to the management of material impacts in the environment and our BRGs is the representation of these groups in the respective global Council.

Management of impacts, risks and opportunities related to training and development

We endeavor to ensure continuous development for all employees. Within our double materiality assessment, we have identified the positive impacts, risks and opportunities of our training and development measures. Through continuous training, our employees improve their skills and specialist expertise and thus remain employable over the long term. In addition, special programs promote the awareness of human rights, which contributes to a respectful and inclusive work environment and a positive company culture. The training of talented young employees takes place through the offer of vocational training positions, internships and trainee programs. The correct assignment of talented employees increases innovation opportunities and improves employee performance and retention.

Policies related to training and development [S1-1]

Our policies focus on autonomous learning in the Bayer learning ecosystem.

Continuous development in the Bayer learning ecosystem

The Bayer learning ecosystem requires the completion of obligatory training courses and provides an opportunity for self-development. The monitoring of obligatory training completion is ensured by the system and can be tracked if required. Our employees assume responsibility for their own personal learning and development. Managers are responsible for actively supporting and encouraging their employees.

Within our learning ecosystem, employees can prioritize within the scope of their regular working hours what they learn when, where and how. The necessary time for this is integrated into the work routine. This enables continuous learning, supports current and future skills and is described and communicated accordingly on our intranet.

Actions related to training and development [S1-4]

Independent learning and compulsory training courses with the Learning Management System (LMS) are the core elements of our measures to promote training and development.

Opportunity to learn compulsory contents and personalized learning offerings

The Learning Management System enables the assignment of compulsory learning contents for predefined target groups, as well as individual selection based on specialized catalogs.

Compulsory learning contents are regularly given a due date. The default setting in LMS – a due date 30 days after a training is assigned – can be adjusted by the training assigner. Learners receive a notification by email when an assignment is given and before the due date arrives. If the due date passes without training having been completed, learners receive further reminders, including from the supervisor, if required. To obtain feedback on the quality and relevance of the learning contents, the LMS provides a survey that can be filled out by the participants once they have completed a learning element.

We also offer participants personalized learning offerings with the help of our Learning Experience Platform (LXP). Tailored contents can be selected from internal and external sources. Our globally available, digital Talent Marketplace platform is designed to also increase the flow of talent. The artificial-intelligence-based platform links qualified employees with suitable projects, further development opportunities and colleagues within the organization. Talent management of this nature helps to achieve more innovation within the company, improved employee performance and stronger employee retention.

We continuously update various learning materials such as videos, courses, podcasts and articles. For example, in recent years we have added new contents from the areas of digitalization, artificial intelligence, inclusion and leadership to our learning offering and expect our employees to engage themselves continuously and autonomously in this.

To meet the need for skilled employees, we hire trainees in various occupations, primarily in Germany. Around the world, we also offer trainee programs in various areas for those embarking on a career, as well as internships for school students.

Management of impacts, risks and opportunities related to adequate wages

Within our double materiality assessment, we have identified the positive impacts that paying adequate (living) wages has on the working conditions of our employees. They are designed to enable our employees to achieve a minimum standard of living from a cultural and social standpoint. This realization underscores our commitment to fair compensation and the creation of a work environment in which all employees are able to improve their quality of life. By ensuring adequate wages, we promote the well-being of our employees and help establish a positive company culture.

Policies related to adequate wages [S1-1]

Our Living Wage Program is a core element for ensuring adequate wages.

Safeguarding adequate wages through our Living Wage Program

We apply uniform standards to ensure that employees are fairly compensated throughout the Bayer Group and, as a positive impact of this policy, can achieve a minimum standard of living from a cultural and social standpoint. Our performance- and responsibility-based compensation system combines a base salary with performance-related elements and additional benefits. Adjustments based on continuous benchmarking processes make our compensation internationally competitive. At Bayer, we have a global compensation procedure on living wages that applies to all employees worldwide with permanent and temporary employment contracts. We compensate our employees beyond the statutory minimum wage prescribed in the respective countries and pay at least a living wage.

By integrating the living wage concept into our operational procedures, we also support the Universal Declaration of Human Rights and the global Sustainable Development Goals (SDGs) of the United Nations. The global Total Rewards Team is responsible for regularly reviewing adequate wages. Living wages are examined and determined annually worldwide by the nonprofit organization Business for Social Responsibility (BSR).

Actions related to adequate wages [S1-4]

We review employee salaries to ensure the payment of adequate wages.

Annual review of salaries

The salaries of all our employees are reviewed annually. If it is determined during this process that employees have not received an adequate wage, a corresponding increase is arranged.

The review covers all employees worldwide with permanent and temporary employment contracts and has taken place once a year since 2015. The analysis is carried out by the Human Resources department with its own resources. The resulting salary increases are included in personnel expenses.

Management of impacts, risks and opportunities related to preventive health

Within our double materiality assessment, we have identified the positive impacts of our health promotion on the working conditions of our employees. Improving and maintaining the health of our employees through company health programs is of central importance for our efforts to promote well-being at the workplace. These programs not only contribute to our employees' physical and mental health, but also promote a safe and supportive work environment. By providing such health offerings, we strengthen our employees' resilience and create the foundation for a productive and positive company culture.

Policies related to preventive health [S1-1]

Bayer's preventive health concepts are focused on transparency and information.

Information on health and quality of life through the BeWell@Bayer framework

We have established a global framework entitled BeWell@Bayer to promote our employees' health and quality of life. This concept expands the core aspect of health into a comprehensive approach, is geared toward health improvements in the daily work environment and is specially designed to help employees better balance their work and private lives. The framework is a globally valid position paper and was implemented by the respective HR head and the global health project team. Application and continuous evolution are managed by the respective local HR and HSE heads and the global health project team. The BeWell@Bayer framework is available to all employees via the intranet as a voluntary measure, and is not monitored.

Actions related to preventive health [S1-4]

The core elements of our actions related to preventive health are programs and materials, as well as a comprehensive approach to health and well-being.

Comprehensive approach to health and well-being

BeWell@Bayer is an ongoing framework with various focus issues. In 2024, we focused particularly on the mental health and resilience of our employees. Through the global MyHealth platform, we offer programs and materials to help promote a comprehensive approach to health and well-being. The global platform and global framework are supplemented by numerous local health offerings. We accounted for stakeholder interests through a mix of dialogues, stakeholder meetings and surveys when implementing this concept, and a comprehensive approach for the four pillars of well-being was agreed on. We thus focus on physical, emotional, social and financial aspects. BeWell@Bayer also goes beyond the provision of occupational health and safety and adequate health insurance – it ensures appropriate working conditions, supports health-conscious behavior and promotes appropriate leadership principles.

Management of impacts, risks and opportunities related to work-life balance

Through our double materiality assessment, we have identified the positive impacts of an appropriate work-life balance on the working conditions of our employees. We are convinced that the opportunity to effectively organize and integrate one's work and private lives helps our employees to work in an engaged, productive and healthy way.

An appropriate work-life balance not only promotes individual well-being, but also helps to create a positive and supportive work environment. Through our initiatives to promote a work-life balance, we strengthen employee engagement and create the conditions for the company's long-term success.

Policies related to work-life balance [S1-1]

To promote an appropriate work-life balance, we have established support for family-related absences.

Support of family-related absences

To promote the positive impacts related to work-life balance, we help our employees to balance their work and private lives. Taking their individual situation into account and within the scope of locally adapted concepts, we therefore give them, for example, flexibility in shaping their working hours and work locations and offer them hybrid working, parental leave and support with childcare and caring for close relatives. In many countries, our commitment in this area goes beyond the statutory requirements.

Our strategy in this connection therefore comprises a separate pillar within the BeWell@Bayer framework at the global level that deals with working conditions. In addition, numerous issues are defined at the country level. At the global level, the pillar related to working conditions describes how we help our employees to realize their professional and personal goals. The company defines personal success, satisfaction and well-being in a comprehensive sense. Specific measures such as flexible worktime models and hybrid working that are adapted to different life phases and situations, family-friendly and age-appropriate work models, consultation offerings and a constructive feedback culture help our employees to balance their professional and private lives. The focus at the local level is on country-specific issues such as, in Germany, secondary employment and leaves of absence, reducing the workload of older employees, parental leave and caring for family members or childcare. There is no global monitoring of locally adapted concepts, but various measures can be tracked globally, e.g. which countries offer parental leave or flexible working.

The respective HR country organization is responsible for implementing the aforementioned strategies in both a global and a local context. During this process, we account for the interests of our employees – as central stakeholders of our concepts related to work-life balance – through a mix of dialogue meetings, stakeholder meetings and surveys. As a consequence of this, we have jointly developed a comprehensive approach for the four pillars of well-being according to which we focus on physical, emotional, social and financial aspects. Our employees can access the global framework program at any time via the intranet, as well as locally on the respective intranet pages of the countries to view local specifications and offers.

Management of impacts, risks and opportunities related to pension benefits

Within our double materiality assessment, we have identified the positive impacts of our pension benefits on the working conditions of our employees. The provision of retirement benefits gives our employees financial security following their working life.

These measures not only contribute to the long-term stability and satisfaction of our employees, but also promote a feeling of appreciation and security in the company. We are convinced that pension programs strengthen trust in our company culture. In this way, we demonstrate our commitment to our employees' well-being beyond their active career.

Policies related to pensions [S1-1]

Company pension plans form the core element for adequate pensions at Bayer.

Safeguarding pension benefits through the company pension plan process

Our Company Pension Plans Policy establishes the framework conditions for the concept of designing and administering the plans, as well as financing them and assigning the roles and responsibilities, and thus contributes positively to financial security after retirement. The concept is applied worldwide in various forms, with a focus on voluntary company pension plans in the countries, and is provided to the respective stakeholders through the global HR procedures repository (outside of the scope of application: statutory pension plans). Responsibility for its implementation lies with the global head of Total Rewards. Global monitoring of pension benefits is focused primarily on Germany, the United States, the United Kingdom, China, Canada, Brazil, the Netherlands and Belgium, covering 98% of defined benefit commitments and plan assets.

The pension plans are developed at the national level and supplement the existing statutory pension systems. They are developed and maintained by local specialists in consultation with the respective global functions based on statutory requirements.

Management of impacts, risks and opportunities related to health & safety

Through our double materiality assessment, we have identified potential impacts related to the health and safety of our employees because they could experience physical or mental injuries through the work assigned to them or through safety incidents. This applies particularly to all employees who work with hazardous materials or under dangerous conditions. Health impairments due to work could also lead to possible lawsuits that, in turn, could damage Bayer's reputation. Possible safety incidents could also lead to operational interruptions. The risk also exists that our brand reputation and the loyalty of consumers could be jeopardized in the event of safety abuses with respect to the rights of employees. Material, recurring defects in this area could lead to consumer boycotts, trade restrictions and reduced attractiveness as an employer.

Policies related to health & safety [S1-1]

At the center of our promotion of occupational health and safety is our Health, Safety and Environmental Management (HSE) and HSE Key Requirements Policy.

Occupational health and safety

Our Health, Safety and Environmental Management (HSE) and HSE Key Requirements Policy summarizes all issues related to occupational health and safety, and defines what is required of the management systems. It applies to all employees worldwide and is implemented under the auspices of the Board of Management, which holds overall responsibility for occupational health and safety. The policy is published in our document management system. Current issues associated with the HSE requirements are communicated in the monthly HSE Newsletter. In establishing this policy, we listened to and considered the opinions of various stakeholders such as HSE experts and the HSE management system. The policy was also coordinated with the business partners in the divisions and the enabling functions. Furthermore, the policy was examined and approved by the Group Works Council as the employees' representative body prior to its publication. A web-based training program on the HSE key requirements and on selected chapters such as "Emergency Preparedness and Response" and "Leaders' Responsibilities" are available in the HSE management system, as are directives, procedures and knowledge documents describing how to implement the HSE key requirements. Compliance with its implementation is reviewed through site-independent, internal HSE audits and separate assessments by the sites, such as regarding HSE key requirements.

Actions related to health & safety [S1-4]

We carry out surveys at our sites to ensure occupational health and safety.

Surveys on heat stress at our sites

The impacts of extreme heat (heat stress) can present a risk for agricultural workers and have negative impacts on their health and safety. Farm laborers are particularly susceptible to heat stress because they are exposed to high temperatures, high humidity and direct solar radiation while performing strenuous outdoor work. To better assess this risk, we developed a questionnaire in 2024 as an initial step to ascertain the status quo at the various sites. The goal is to find out how our own agricultural sites are impacted by heat stress and currently address this issue. The questionnaire should help the company to develop a global program for the issue of heat stress. In 2025, we want to develop suitable action plans and targets based on its results.

Management of impacts, risks and opportunities related to job security

Through our double materiality assessment we have identified a positive impact as being the existence of a large number of permanent contracts in our company. At the same time, we identified the potential risk that job security could be jeopardized by restructuring and transformation measures.

Any restructuring measures necessitated by the introduction of the new Dynamic Shared Ownership (DSO) organizational model are implemented in a socially responsible way. We want to minimize the impacts on our employees in all countries and find mutually agreeable solutions if job reductions should become necessary. This also applies in Germany, where agreements with employee representatives are in place that fundamentally rule out business-related dismissals in the intercompany personnel network of Bayer AG until the end of 2026. Flexible models with attractive terms are offered for employees in various age groups. They can also receive advice on career reorientation and are supported with job application training measures.

There are no German or global collective arrangements as regards the issue of permanent employment contracts. This is not necessary because the vast majority (more than 95%) of our employees have a permanent employment contract, which contributes significantly to job security.

A special (collective) arrangement on this matter is not necessary in Germany because the conclusion of a permanent employment contract is already the norm according to German law and temporary contracts are only possible under very strict legal conditions. This is designed to prevent the circumvention of German dismissal protection through the conclusion of several consecutive temporary employment contracts. Due to the fact that temporary employment contracts account for only a very small share of total employment contracts, no initiatives are currently being implemented here or planned as future objectives.

Metrics and targets in the area of own workforce

It is of crucial importance for us to transparently present metrics as regards our own workforce so that we can show progress in all key areas and thus contribute to responsible business conduct.

Targets related to workforce: global gender balance commitments [S1-5]

We believe in fairness and inclusion for all employees. To promote the positive impacts, we stick to our Code of Conduct with the embedded human rights aspects and we monitor the representation (gender, generation, nationality) of our top management (top 500 executives, including our Board of Management). As a German-headquartered company, we are subject to certain statutory regulations related to the composition of our Supervisory Board and Board of Management. We aspire to achieve representation of women in top management globally of 33% by 2025 and of 50% by 2030. We aspire to increase the average proportion of women at all management levels to 50% by 2025, and beyond. Further aspects such as ethnic background are integrated into our commitments for our regions and country organizations. All commitments are managed in a manner consistent with local legal and regulatory frameworks.

The proportion of women in top management increased in 2024 and amounted to 35.1% at year-end (2023: 31.8%). The average proportion of women at all management levels rose slightly to 44.1% in 2024 (2023: 43.6%).

Our global commitments are measured in percentages and include our entire management, as well as specifically Bayer's top management at the global level; here, we always consider the data from 2020 as the baseline. The assumptions made in 2020 with regard to achieving the commitments for 2025/2030 were based on the data available to us at the time. These include:

// Availability of talents
// Fluctuation
// Retirement

Of importance is that the aforementioned data only reflects the assumptions made. Hiring the best talent is the only decisive criterion. The offered forecast models are hypothetical projections of variables that will fluctuate based on future events and business circumstances. They are theoretical only and should not be used as the basis for individual employment decisions or for preferring certain candidates or groups of candidates over others. All individual hiring decisions are based on legitimate, nondiscriminatory and job-related factors.

Our stakeholders participated in the target establishment through a mix of dialogue meetings and stakeholder meetings, and the employees delivered a presentation on the topic to the Board of Management on December 15, 2020.

The Board of Management is notified about the annual progress, and we additionally publish this data within the scope of our sustainability reporting. We can also use an internal dashboard to view the current status. The HR and personnel heads are granted access for their scope of responsibility. In order to take measures or initiate improvements in the spirit of continuous improvement, a respective global Council has been established, consisting of the respective leads for the markets and countries, as well as the co-leads of the Business Resource Groups.

Characteristics of the undertaking's employees [S1-6]

Bayer had 94,081 (2023: 101,139) employees worldwide as of December 31, 2024. Calculated in full-time equivalents and defined based on the employee's contractually agreed working hours (FTEs), Bayer had 92,815 (2023: 99,723) employees worldwide. These full-time equivalents are uniformly stated in our Consolidated Financial Statements and additionally augmented with financially relevant information such as personnel expenses (please see Chapter B Note [9] "Personnel expenses and employee numbers"). Casual employees (interns, students and seasonal employees) are not included in the data on employees in the Annual Report outside of this sustainability statement. Not all data is recorded for casual employees due to the short duration of their employment, including on the performance process, pension provision and parental leave.

A 4.3.1/1

Total Employees in Headcount and FTE

	Headcount		FTE	
	2023	**2024**	**2023**	**2024**
Total employees incl. casual employees	**104,737**	**97,106**	**103,179**	**95,660**
Casual employees (interns, students, seasonal employees)	3,598	3,025	3,456	2,845
Total employees[1]	**101,139**	**94,081**	**99,723**	**92,815**

[1] The total number of employees is the reporting basis for data in the Annual Report regarding employees, unless stated otherwise.

For Bayer, countries with significant employment are Germany and the United States.

A 4.3.1/2

Employee Headcount in Countries With Significant Employment[1] (in headcount)

	2023	**2024**
Germany	23,307	21,824
USA	19,802	17,697

[1] Countries with significant employment are those in which Bayer has at least 50 employees, accounting for at least 10% of our total workforce.

As in 2023, 42.1% of employees were female in 2024 (2023: 42.1%).

A 4.3.1/3

Number of Employees by Gender[1] (in Headcount)

	2023	**2024**
Female	42,595	39,585
Male	58,544	54,496
Total	**101,139**	**94,081**

[1] We do not report on the gender declarations "Diverse" or "Not specified." Due to legal regulations, we are only permitted to inquire about this information in eight of the countries in which we operate (Germany, Austria, Canada, Australia, Malaysia, Argentina, India and New Zealand). The option of stating the gender "Diverse" or "Not specified" was utilized in only two of these countries (Canada and Germany). Due to the low data volume in the eight countries (corresponding to approximately 0.03% of our total workforce in these countries), we refrain from reporting this information.

In 2024, 2.4% of employees at Bayer had temporary contracts (2023: 2.9%). Temporary employees include those who are hired for a time-limited project.

A 4.3.1/4

Employees by Contract Type and Gender (in Headcount)

	Female		Male		Total	
	2023	**2024**	**2023**	**2024**	**2023**	**2024**
Permanent employees	41,339	38,652	56,817	53,212	98,156	91,864
Temporary employees	1,256	933	1,727	1,284	2,983	2,217

In 2024, 13,351 (2023: 11,347) employees left Bayer, corresponding to a total fluctuation rate of 14.0% (2023: 11.3%). This number includes all employer- and employee-induced terminations, termination agreements, retirements and deaths. The fluctuation rate is calculated by dividing the total number of departures in the reporting period by the average number of employees in the reporting period.

The metrics on employee characteristics are applied for the closing date of December 31, 2024, and are based on headcount or full-time equivalents, as stated. The information disclosed in this section is taken from Bayer's global human resources system in combination with the global Group finance system for employees of companies that are not connected to our global human resources system.

Collective bargaining coverage and social dialogue [S1-8]

In 2024, working conditions for 53.0% (2023: 53.0%) of our employees worldwide were regulated by collective bargaining agreements.

A 4.3.1/5

Collective Bargaining and Social Dialogue

	Collective bargaining coverage	Social dialogue
Coverage rate	**Employees – EEA[1]**	**Workplace representation – EEA[1]**
0 to 19%	–	–
20 to 39%	–	–
40 to 59%	–	–
60 to 79%	–	–
80 to 100%	Germany	Germany

[1] Data for European Economic Area (EEA) countries with significant employment (> 50 employees who account for at least 10% of the total workforce). Within the EEA, Germany is the only country for us with significant employment (see the section "Characteristics of the undertaking's employees [S1-6]").

Employees at all Bayer sites around the world have the right to elect their own employee representatives. In various country companies, the interests of the employees are represented by elected employee representatives who have a say in certain personnel decisions. Since 1991, an agreement has been in place at Bayer governing employee representation through a European works council (Agreement between Company Management and the Group Works Council of Bayer AG on the Bayer European Forum, 1991, most recently amended in 2022).

The metrics for collective bargaining coverage and social dialogue are applied for the closing date of December 31, 2024, and are based on headcount. The information disclosed in this section is compiled annually through an internal query addressed to the HR country organizations. That includes all companies connected to the global human resources system, covering about 98% of our employees.

Diversity metrics [S1-9]

Our top management consists of 176 (2023: 177) women and 326 (2023: 379) men. This means 35.1% (2023: 31.8%) of our top managers are female and 64.9% (2023: 68.2%) are male.

As regards the age composition of our workforce, the demographic situation varies widely from one region to the next. Overall, the largest proportion of our employees are between 30 and 50, at 64.1% (2023: 63.2%).

A 4.3.1/6

Employees by Age Group and Region (in Headcount)

	Europe/Middle East/Africa		North America		Latin America		Asia/ Pacific		Total	
	2023	2024	2023	2024	2023	2024	2023	2024	2023	2024
< 30 years	4,463	3,879	2,121	1,795	2,296	1,973	3,936	3,279	12,816	10,926
30–50 years	26,913	25,661	12,356	11,175	9,751	9,296	14,900	14,146	63,920	60,278
> 50 years	13,474	12,794	6,935	6,235	1,849	1,725	2,145	2,123	24,403	22,877

The age composition metrics apply for the closing date of December 31, 2024, and are based on headcount. The information disclosed in this section is taken from Bayer's global human resources system. That includes all companies connected to the global human resources system, covering about 98% of our employees. We define our top management as our top 500 managers, including our Board of Management.

Adequate wages [S1-10]

As standard practice, we pay at least a "living wage," which is annually reviewed and defined worldwide by the nonprofit organization Business for Social Responsibility, and compensate employees on both permanent and temporary employment contracts in excess of the statutory minimum wage in many of the countries in which we operate. This also applies to part-time employees whose compensation was proportionately adjusted to that of a full-time position. The payment of living wages is implemented at the country level and is reviewed annually by HR to ensure that the requirements of BSR are complied with throughout the Group. That includes all companies connected to the global human resources system whose compensation data is administered using that system, covering about 97% of our employees. A living wage is defined as the wage that is required to purchase the goods and services needed to meet a minimum cultural and social standard of living in a country – including basic needs such as accommodation, energy and food, but also leisure activities, cultural participation and a savings rate. The concept of a living wage thus goes beyond the otherwise customary statutory minimum wage. In addition, living wages are adjusted each year to reflect changing conditions in certain countries, while statutory minimum wages usually remain unchanged for several years.

Health and safety metrics [S1-14]

The safety of the people who work in and for our company and of people who live near our sites is our highest priority. We are now also extending these ambitions to our supply chain. We focus on taking consistent precautions – to ensure healthy working conditions and safety in day-to-day work, in the operation of production facilities, and on work-related travel and transportation routes.

For this reason, we have established a health and safety management system at all our sites that complies with recognized international standards (such as ISO 45001) and covers 100% of our workforce.

We registered a total of 439 recordable work-related accidents in 2024 (2023: 459), with the majority involving our own employees. Recordable work-related accidents pertain to all incidents that lead to illnesses and work-related injuries requiring medical treatment that goes beyond basic first aid and/or is associated with lost work time.

The rate of recordable work-related accidents fell to 2.20 in 2024 (2023: 2.24). To calculate the rate of recordable work-related accidents, the number of recordable work-related accidents registered in the reporting period is divided by the total number of hours worked by employees and nonemployees during the reporting period and then multiplied by one million. The rate of recordable work-related accidents thus reflects the number of occupational injuries per 500 full-time employees within the reporting period. We apply a global average of 159 monthly working hours per employee and nonemployee respectively to estimate the total number of hours worked in the reporting period. This average is based on historical manual surveys of actual hours worked.

In 2024, no fatalities from work-related injuries and work-related ill health occurred affecting our own workforce (2023: seven). Unfortunately, two value chain employees lost their lives in 2024 due to work-related injuries and work-related ill health (2023: five).

A 4.3.1/7

Health and Safety[1]

	2023	2024
Recordable work-related accidents	459	439
of which recordable work-related accidents of employees	419	397
of which recordable work-related accidents of nonemployees	40	42
Rate of recordable work-related accidents	2.24	2.20
Rate of recordable work-related accidents of employees	2.10	2.05
Rate of recordable work-related accidents of nonemployees	7.01	7.58
Fatalities from work-related injuries and work-related ill health	12	2
of which fatalities of employees	7	–
of which fatalities of nonemployees	–	–
of which fatalities of value chain workers	5	2

[1] The health and safety data is based on number of employees (total headcount), including casual employees (interns, students and seasonal employees).

The metrics for health and safety are applied for the closing date of December 31, 2024, and are based on headcount. Health- and safety-relevant data is collected in a central reporting platform for employees, including casual employees (interns, students and seasonal employees) and nonemployees, when incidents occur. The information is then reviewed and validated by a central team to ensure its accuracy and completeness.

Compensation metrics [S1-16]

Objective compensation structures that enable equal pay by gender are a cornerstone at Bayer. One element of this is the Group-wide analysis of the unadjusted gender pay gap. Our unadjusted gender pay gap in 2024 was 3.46%.

The annual total compensation ratio was 52.8 in 2024 (2023: 55.5). The annual total compensation ratio shows the factor by which the annual total compensation of the median employee would have to be multiplied to match the annual total compensation of the best-paid employee.

The unadjusted gender pay gap and the annual total compensation ratio are based on the closing date December 31, 2024. Both the unadjusted gender pay gap and the total compensation ratio are calculated based on total labor costs, which are calculated by multiplying the base salary by certain factors. These factors were proposed by the Total Reward experts from the individual countries in coordination with the central team at Group headquarters and are uniformly applied worldwide at Bayer. Annual total compensation here includes the base salary, short- and long-term variable compensation (STI and LTI), company car, pension, additional benefits, social insurance and insurance policies. That includes all companies connected to the global human resources system whose compensation data is administered using that system, covering about 97% of our employees.

Incidents, complaints and severe human rights impacts [S1-17]

All Bayer Group employees are obligated to report material compliance violations. Employees can use our global Speak Up Channel. This is a secure channel that gives everyone, including the public, the opportunity to report alleged compliance violations confidentially (and, where permitted by local law. anonymously). Via the email address Speak.up@bayer.com, employees can directly contact Bayer's compliance department.

In 2024, there were 148 entries into Bayer's case management system in the Fairness and Respect at Work category (2023: 328). This category encompasses the issues of discrimination, sexual harassment and bullying, whereby it is sometimes difficult to distinguish between these topics and there are overlaps. Bayer employees also submitted a total of 570 (2023: 595) grievances through the externally operated Speak Up Channel (including anonymous grievances). No fines, sanctions or damage payments were imposed in 2024 in connection with incidents in the categories Fairness and Respect at Work, Working Conditions, Equal Treatment for All, and Other Work-Related Rights (2023: €0).

There were no serious incidents in connection with human rights in 2024 (2023: 0). Therefore, no fines, sanctions or damage payments were imposed in connection with serious incidents in connection with human rights violations in 2024 (2023: €0).

The metrics on incidents, grievances and serious human rights violations are based on annual figures for 2024. The data for employees also includes casual employee groups (interns, students and seasonal employees). To identify human rights violations, the information from the grievance management system and the internal risk-based control measures of our internal HSE auditors were taken into account. In addition, cases that are brought to our attention directly via other sources, such as inquiries from authorities, cases from the media or grievances from nongovernmental organizations, are also taken into account.

4.3.2 Workers in the Value Chain

The specialists in our supply chains are an indirect part of our business model and can be affected by the impacts and risks of our activities. We therefore expect our suppliers to also adhere to our ethical, environmental and social principles.

Strategy

The management of supplier relationships in the upstream value chain is integral to our sustainability strategy.

Material impacts, risks and opportunities and their interaction with strategy and business model related to workers in the value chain [S2.SBM-3]

We exert influence on society and the environment through our procurement activities and supplier relationships. At the same time, potential violations of human rights in the upstream value chain can in general lead to operational disruptions, legal consequences and financial losses. That is why economic as well as ethical, social and environmental principles are anchored in our procurement processes. As regards the issue of human rights, we focus especially on our supply chain because we are affiliated with a large number of internal and external workers.

We take the following types of workers into account when managing the impacts and risks affecting workers in our value chain:

// Workers at Bayer sites who are not part of our own workforce, such as seasonal field workers during the harvesting season
// Workers of suppliers in Bayer's upstream value chain, such as employees in active ingredient production facilities from which we procure raw materials to manufacture our products, as well as workers involved in the extraction of minerals and in the agricultural sector

The risk of human rights violations (such as the disregard of the freedom of association and rights to collective bargaining, child labor, forced labor, discrimination and general occupational injuries) is a fundamental risk in the supply chain and therefore also a risk for Bayer. Insufficient checks of our suppliers could cause illegal practices such as child and forced labor to remain undetected, which can have significant negative impacts on vulnerable groups such as minors. To identify violations, we examine the information from the grievance management system and analyze the audit reports from Bayer's internal HSE auditors and the audits conducted by external auditors according to the standards of the industry initiatives Together for Sustainability (TfS) and Pharmaceutical Supply Chain Initiative (PSCI). We also take into consideration cases that are notified directly to us via other means, such as inquiries from public authorities, cases reported in the media or grievances from nongovernmental organizations (NGOs).

A detailed risk analysis is undertaken annually (including in 2024) for the seed supply chain to find out in which countries we need to intensify our efforts to prevent and mitigate human rights risks. The risk of human rights violations in the seed supply chain is generally potentially higher in India, Indonesia, the Philippines, Thailand, Bangladesh, Kenya, Malawi, Romania, Tanzania, Ukraine, Zambia and Honduras.

The risk of violations of the above human rights is fundamentally a broad challenge in the agriculture industry. For example, child labor is a general problem in various regions, especially Asia-Pacific. We have therefore operated an established internal monitoring and awareness program in the identified high-risk countries for years. For more information on the Child Care Program, please see the section “Management of impacts and risks related to workers in the value chain.” There is also a risk of isolated, individual incidents such as production accidents among our suppliers (please see Chapter A 4.2.3 Pollution).

We are committed to ensuring the safety of our contractors at our own facilities. We have published a program for contractor and visitor safety to integrate contractor safety into safety management policies and define a common approach to managing risks in connection with contractors.

The focus is on four elements:

// Training of Bayer managers to ensure competent oversight
// Selection and classification of contractors according to potential HSE risks
// Pre-job activities, including site induction and on-site registration, risk assessments, compliance review and coordination/communication
// Assessments during and after work, to assess and evaluate contractor adherence to Bayer’s HSE processes

The workplaces of supplier employees who work at our sites but are not part of our own workforce are regularly subjected to a comprehensive occupational health and safety (OHS) risk assessment and hazard analysis by Bayer experts. The OHS risk assessment is a systematic process of hazard identification, evaluation of the risks (i.e. probability and consequence) that the identified hazards create, development of measures to reduce or eliminate risks, and risk monitoring through documentation and reviews to ensure controls are in place to maximize personnel safety. Hazardous work permits are issued to contractors who do not perform their tasks under our direct oversight.

Management of impacts and risks related to workers in the value chain

Through our double materiality assessment, we have identified material risks related to checks of our suppliers and compliance with human rights. Insufficient checks can lead to forced and child labor, as well as to health and safety problems, which in turn can result in human rights violations, operational disruptions, legal consequences and financial losses. We therefore consider effectively managing these aspects to be very important.

Policies related to value chain workers [S2-1]

Through our Bayer Supplier Code of Conduct, our Human Rights Policy and guidelines on safety at our sites, we want to minimize the potential impacts and risks related to workers in our value chains.

Our Bayer Supplier Code of Conduct
To counter human rights violations in our value chains, our requirements of our suppliers as regards human rights are established in our Bayer Supplier Code of Conduct.

We want to account for the human rights of all workers in the upstream value chain and work to ensure that

// Suppliers respect the human rights of their employees, local communities and vulnerable people, and treat them with dignity and respect
// Suppliers take appropriate precautions to ensure the health and safety of their employees, customers, visitors, contractors and other persons who could be affected by their activities

In addition, our comprehensive global guidance document on the Bayer Supplier Code of Conduct provides concrete examples of good practices and benchmarks that suppliers can use, as well as references such as the regulatory framework and standards governing Bayer's sustainability efforts.

The Bayer Supplier Code of Conduct and the related guidance document contain the main expectations regarding the issues of protection against child labor, freedom from slavery, serfdom and forced labor, fair and favorable working conditions, right to freedom of association, and responsible management of resources. For more information on the Bayer Supplier Code of Conduct, please see the section "Holistic policies for managing material sustainability matters [MDR-P]" in Chapter A 4.1 General Information on the Sustainability Statement.

Human rights due diligence
In our Human Rights Policy, we state that we are committed to respecting human rights in the supply chain, and that we work with a human rights due diligence approach based on the UNGPs, the Declaration on Fundamental Principles and Rights at Work of the International Labour Organization (ILO) and the OECD Guidelines for Multinational Enterprises. We take steps to ensure human rights are respected both within our own company and along our entire value chain, and thus as regards our suppliers and their employees. Corporate policies, processes and management and monitoring systems are in place to govern the implementation of human rights standards. We are aware that the implementation of human rights due diligence is a continuous process that must be constantly adapted and improved.

Guided by our human rights strategy and Group-wide management systems, our due diligence process comprises a declaration of principles, risk identification and assessment processes, prevention and mitigation measures, remedial measures, and measures for determining effectiveness and reporting, along with access to grievance mechanisms.

Engagement with workers in the value chain takes place indirectly at the global level through dialogue with supplier representatives, and directly both through reports to our grievance mechanisms and at the site level through conversations with employee representatives of our suppliers or the employees themselves.

We use a risk analysis to identify potentially detrimental impacts of our business activity on human rights throughout our value chain. In doing so, human rights risks are identified, evaluated and prioritized, from an overarching risk analysis for the entire company to detailed analyses in selected areas. One of these areas is Procurement, which conducts a detailed risk analysis to also evaluate the potentially detrimental impacts on our suppliers' employees.

Our risk analysis is aligned with the Chemie^3 standard of the German chemical industry. The analyses are conducted at least once per year and on an ad hoc basis. The results of this human rights risk analysis are communicated to relevant internal decision-makers, such as the Board of Management, the Supervisory Board and the heads of the affected business areas, and incorporated into the Bayer risk portfolio of our Group-wide, integrated risk management system in cases where the threshold values are exceeded. There, decisions on risk mitigation measures are also documented. The risk portfolio is regularly reviewed by the Bayer Assurance Committee. For more information on our Human Rights Policy, please see the section "Holistic policies for managing material sustainability matters [MDR-P]" in Chapter A 4.1 General Information on the Sustainability Statement.

Safety at our sites for workers in our value chain
It is very important to us to account for the interests of workers potentially affected by impacts of our activities. To prevent health and safety problems at our sites and thus also minimize the risk for contractors in our own operations, we issue permits for hazardous work. The “work permit for hazardous work” process describes our risk management approach in connection with dangerous work at our sites. The necessary safety measures are ensured prior to, during and following the performance of work, and all activities with a potentially heightened risk in a unit or at a site that require a permit are discussed with the supplier, implemented, reviewed and assessed in a controlled manner. Implementation should take place safely and with the necessary flexibility to account for specific needs of the sites or units. This includes work that may involve risks that can have a higher-than-normal potential to cause severe injury, death or damage to property or the environment and that must be appropriately managed using a work permit for hazardous work. The work permit process has been universally used for several years throughout our company to maintain the health and safety of contractors (and our own employees) in routine and nonroutine tasks. The process pertains to all Bayer sites and regions as well as Bayer employees, supervised contractual partners and unsupervised contractual partners who potentially carry out hazardous work at one of our sites. The work permits are randomly checked during occupational health and safety audits conducted at our sites. The work permit process is prescribed by the DGUV (German Social Accident Insurance), and its global internal implementation was approved by the head of Corporate Health, Safety & Environment at the time and is now under the responsibility of the head of ESG.

Prevention and mitigation through measures related to value chain workers [S2-4]
Grievance management (Speak Up Channel) and supplier audits are available to us as a primary means of identifying corrective and remedial measures. The information from the grievance management system, the audit reports from Bayer’s internal HSE auditors and the audits conducted by external auditors according to the standards of the industry initiatives TfS and PSCI are reviewed and analyzed to obtain reference points for corrective and remedial measures.

There are two types of on-site supplier audit:

// Audits conducted by Bayer’s internal HSE auditors according to the company’s audit protocol
// Audits conducted by external auditors according to the standards of the industry initiatives PSCI and TfS

We also verify compliance with the requirements of the Bayer Supplier Code of Conduct using EcoVadis online assessments.

In addition, problems and incidents related to human rights are identified through the grievance management system and the two aforementioned types of supplier audit. In addition, cases that are brought to our attention via other sources, such as inquiries from authorities, cases from the media or grievances from nongovernmental organizations (NGOs), are also taken into account. In 2024, problems and incidents were identified with regard to the following human rights issues:

// Prohibition on child labor 0 (2023: 1)
// Noncompliance with rules pertaining to occupational health and safety and work-related health risks: 63 (2023: 44)
// Noncompliance with freedom of coalition – freedom of association & collective bargaining: 0 (2023: 2)
// Prohibition on discrimination in employment: 5 (2023: 3)
// Prohibition on withholding an adequate wage: 11 (2023: 11)

The audited suppliers are responsible for implementing corrective measures as well as, where necessary, preventive measures for all audit findings identified in the audit. The measures encompass technical measures (such as installation of local measures), organizational measures (such as development and training of a new work procedure), and personal measures (such as the establishment of personal protective clothing). Suppliers receive a corrective action plan based on their sustainability performance and are requested to verify their performance improvement via a re-evaluation after a reasonable period. Particularly critical audit reports of suppliers lead to inclusion in the internal Sustainability Supplier Development Program managed by Procurement.

In this program, specific improvement measures are jointly defined with the supplier, and these are documented in an action plan. Bayer supports suppliers with knowledge- and capacity-building activities and a monitoring process. The entire audit process is deemed concluded when all agreed corrective measures have been carried out and approved (involving spot checks of whether agreed corrective measures have been sustainably implemented, which we monitor through follow-up audits). Bayer retains the right to terminate a supplier relationship if no improvement is observed during a re-evaluation.

A total of 122 suppliers were included in the development process in 2024 (2023: 121 suppliers) within the scope of the Supplier Development Program. Some 34 suppliers (2023: 30 suppliers) have already completed the development and conducted a re-evaluation, with a 97% rate of successful improvement (2023: 93%).

Furthermore, we utilize the activities and training offerings of the industry initiatives TfS and PSCI to address and ideally sustainably prevent frequently reoccurring issues such as noncompliance with occupational safety measures. The TfS Academy is a practice-oriented learning environment for suppliers and Bayer procurement employees. It covers topics such as ethical aspects, conflict minerals, waste management and anti-corruption measures.

The purpose of the PSCI is to define, establish and promote responsible supply chain practices, human rights, environmental sustainability and responsible business along the pharmaceutical supply chain, using the PSCI Principles for Responsible Supply Chain Management as a blueprint for responsible practice. Also in 2023, PSCI introduced the e-learning platform Learnster, which allows organizations to create their own interactive and engaging courses.

Other measures we use to prevent and mitigate our negative impacts on the employees of direct suppliers include:

// The development and implementation of suitable procurement strategies and purchasing practices (demand management, duration of contractual relationships and purchasing prices)
// The integration of expectations into the supplier selection (prequalification based on defined sustainability indicators)
// Obtaining contractual assurance for meeting and implementing expectations along the supply chain (systematic integration of the Bayer Supplier Code of Conduct into the Group-wide electronic ordering system)
// Training and continuing education to assert contractual assurance (training offering through industry initiatives and training offerings from Bayer)

Beyond the general measures, we have adopted a specific measure to protect against child labor. We work to prevent child labor through our Child Care Program. The program is currently established in India, Bangladesh and the Philippines. Through our Child Care Program, we continuously raise awareness about the problem of child labor among our suppliers and clearly communicate our requirements. It involves systematic and repeated inspections of individual seed producers in their fields by local Bayer employees during the growing season. Graduated sanctions are applied to our suppliers for noncompliance with our prohibition on child labor. These range from written warnings to termination of the contract in the case of repeated noncompliance. Thanks to a stringent monitoring system and the support provided by local information and educational initiatives, no cases of child labor have been identified in India, Bangladesh, Indonesia, the Philippines and Thailand to date since the 2021/2022 growing season. There are no plans to end the program, which instead will be continuously expanded to include further countries (such as Thailand and Indonesia in 2024).

We are currently working on a concept for measuring the effectiveness of our human rights due diligence approach. The design of the individual measurement systems is being further advanced, taking into account established measurement systems such as supply chain monitoring.

Processes for engaging with value chain workers about impacts [S2-2]

Although we currently do not have a general process for direct engagement with value chain workers, we want to perform due diligence for constructive stakeholder involvement and therefore strive to comprehensively understand the interests and perspectives of workers in our value chain. Our direct dialogue with suppliers and other stakeholders helps us to develop our stakeholder management concept.

We also regularly engage in dialogue with stakeholders on the topic of human rights and actively participate in committees and initiatives established to ensure their observance. We do this, for example, in the corresponding working groups of econsense, where we have overseen the themes of human rights and industry since 2022, and participate in the Business for Social Responsibility (BSR) initiative. As part of such initiatives, we discuss best practices, challenges and experiences in implementing human rights and the UNGPs with the member companies from various industries.

Continuously raising awareness about child labor in the agriculture sector requires extensive measures and the involvement of various stakeholders. Against this background, we joined with other seed companies back in 2019 to establish the Enabling Child and Human Rights with Seed Organizations (ECHO) initiative. ECHO is one of the biggest multi-stakeholder forums for the promotion of children's rights and decent work, such as fair wages, as well as healthy and safe working conditions.

Processes to remediate negative impacts and channels for value chain workers to raise concerns [S2-3]

We pursue various approaches to prevent and mitigate potential negative impacts on workers in the value chain, and thus attempt to indirectly improve the working conditions of workers in our supply chain. One approach is the grievance mechanism for raising concerns. One approach is the grievance mechanism for raising concerns through our global Speak Up Channel. The Speak Up Channel is open to both our own employees and any third party, such as workers in the value chain, who would like to report a potential compliance violation. This applies irrespective of whether the third party has a business relationship with Bayer or whether the company's own rights are affected. For more information on the grievance mechanism, please see the section "Processes to remediate negative impacts and channels for own workers to raise concerns [S1-3]" in Chapter A 4.3.1 Own Workforce and the section "Corporate culture and business conduct policies [G1-1]" in Chapter A 4.4.1 Business Conduct.

A conclusive and comprehensive evaluation of the degree of trustworthiness of the grievance procedure from the viewpoint of employees in the supply chain is not practicable due to the number of people who can access the tool.

Metrics and targets related to value chain workers

We are currently developing potential Group-oriented targets related to workers in the value chain.

Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities [S2-5]

It is important to us to account for the interests of those potentially affected by our activities. We want to perform our due diligence with regard to constructive stakeholder involvement and are working on a concept that incorporates the interests of affected parties. Here we are cooperating, among other parties, with representatives of our suppliers so that we can implement appropriate targets and metrics in the future. We monitor the effectiveness of our concepts and actions through the supplier audits mentioned above.

4.3.3 Affected Communities

It is important to us to take into account the impacts on affected communities according to ESRS when it comes to assuming social responsibility and fostering trust. Through sustainable action and active risk management, we can minimize negative consequences and establish long-term relationships.

Strategy

We are committed to systematically analyzing the impacts of our business activities on affected communities and implementing suitable protective measures.

Material impacts, risks and opportunities and their interaction with strategy and business model [S3.SBM-3]

The following communities may be impacted by possible consequences of our own operations or those of our partners in the value chain:

// Communities that live or work near Bayer's operating sites, as well as communities that live further away if any impacts have long-distance effects (for example through sites that discharge directly to flowing waters)
// Communities along the undertaking's value chain (for example, those affected by the operations of suppliers' facilities or located at the endpoint of the value chain such as where agricultural products are harvested)

In principle, each of these communities could be differently affected by the negative impacts of our business activities. Due to the heterogeneity of our business activities and the location of our sites, an understanding is developed at the sites of the extent to which affected communities with certain characteristics could be impacted to a lesser or greater degree. The sites carry out risk analyses and, in doing so, must take into account their potential impact on the affected communities within their scope of action.

The consumption of natural resources in our value chains can restrict access by local communities to critical resources and thus presents a systemic problem. Furthermore, incidents in our operations that can lead to air, water and soil pollution have individual impacts that can also impair access by the community to important resources.

Management of potential impacts on affected communities

Through our double materiality assessment, we identified impacts that could have consequences for the communities near where our business activities take place. Thus, the consumption of natural resources in the value chain could restrict local communities' access to critical resources for fundamental needs or livelihoods, for example with regard to drinking or irrigation water.

Furthermore, incidents in our own operations that are caused by pollution (of air, water and soil) could restrict access by the community to important resources for fundamental needs and livelihoods (such as drinking or irrigation water). These findings underscore the need to responsibly manage natural resources and account for the needs of the impacted communities.

Policies related to affected communities [S3-1]

Our Human Rights Policy and the Bayer Supplier Code of Conduct are at the center of our concepts and policies to mitigate the impacts and risks for the affected communities. However, as our potential impacts on affected communities are rooted both in the downstream value chain and in unforeseen environmental events at our own sites, we attempt to mitigate potential impacts on affected communities where they occur. These policies and measures pertain especially to the areas of pollution and water and waste management.

Human rights requirements from Bayer's Human Rights Policy and the Bayer Supplier Code of Conduct
Through our Human Rights Policy, we undertake to responsibly manage resources and account for the needs of affected communities. Through our Bayer Supplier Code of Conduct, we also obligate our suppliers to responsibly manage resources and account for the needs of affected communities. The Bayer Human Rights Policy and the Bayer Supplier Code of Conduct therefore both include the commitment to respect human rights in all business activities worldwide.

We endeavor always to act in accordance with national legislation. Where discrepancies exist between national law and international standards, we align ourselves to the more stringent standards. Our commitments pertain to respect for human rights along the entire global value chain and also include the members of local communities. For more information on our Human Rights Policy and the Bayer Supplier Code of Conduct, please see the section "Holistic policies for managing material sustainability matters [MDR-P]" in Chapter A 4.1 General Information on the Sustainability Statement.

The inclusion of local communities usually occurs at the site level. For the issue of water stress, for example, this takes place through joint local projects (please see the section "Management of impacts and risks related to water scarcity resulting from water consumption" in Chapter A 4.2.4 Water and Marine Resources. Due to the heterogeneity of the sites and the circumstances in which they operate, there is no general approach for including local communities that is globally binding for all sites. As a result, there are no generally applicable measures to adequately remedy impacts on human rights. Suitable measures are decided on and implemented at the site level.

In 2024, a grievance pertaining to impacted communities was submitted by various nongovernmental organizations (NGOs) to the German national liaison office of the OECD. The grievance is entitled "Human Rights and environmental impacts of Bayer AG's genetically modified soy seeds and glyphosate-based pesticides in Argentina, Bolivia, Brazil and Paraguay." In essence, the grievance related to allegations that in some regions the company had not undertaken sufficient steps in its business practices to comply with environmental standards and avoid negative impacts on the local population. We reacted to this grievance and released a statement. The national liaison office has not yet come to a decision as to whether to accept the grievance. The national liaison office of the OECD has not yet decided whether the presentation by the nongovernmental organization provides sufficient cause to initiate the conduct of a voluntary mediation proceeding.

Reducing the impacts of natural resource consumption in the value chain on communities
Global agriculture and food production are facing major challenges such as climate change (as regards both mitigating and adapting to climate change), water scarcity and population growth. Our mission is therefore to comprehensibly reshape the agriculture industry by introducing regenerative farming systems, and thus create a more successful and resilient food production system. In this context, the positive impacts on nature include efforts to conserve water resources. After all, the scarcity of freshwater impacts not just farmers, but also the affected communities located near them all over the world.

Reducing the impacts of accident-related pollution at our own sites on communities
To protect surrounding communities, we want to avoid accidents that impact the quality of air, water and soil. Our Health, Safety and Environmental Management (HSE) and HSE Key Requirements Policy is therefore geared toward preventing accidents associated with pollution that could occur due to unforeseen events within the scope of our business activities. For more information on our Health, Safety and Environmental Management (HSE) and HSE Key Requirements Policy, please see Chapter A 4.2.3 Pollution.

Protecting water as a community resource at our own sites
Our Water Policy shows how the company wants to protect water resources and improve water use efficiency both internally and externally. Our goal is to optimize water management in our operations, involve our suppliers, develop innovative solutions for our customers, and support municipal projects and the affected communities. This is how we want to ensure affected communities' access to important resources. For detailed information on our Water Policy to avoid water stress, please see Chapter A 4.2.4 Water and Marine Resources.

Managing waste to reduce impacts on affected communities near our own sites
The Bayer Health, Safety and Environmental Management (HSE) and HSE Key Requirements Policy governs how we deal with waste through comprehensive waste management practices. The policy addresses the renunciation of the extraction of new resources by giving precedence to waste avoidance, and ensuring the safe and environmentally compatible disposal of unavoidable waste to protect affected communities. For more information on the Health, Safety and Environmental Management (HSE) and HSE Key Requirements Policy, please see Chapter A 4.2.6 Circular Economy.

Actions related to affected communities [S3-4]

To reduce potential negative impacts on surrounding communities, we focus on water management at our own sites and in the downstream value chain, as well as on waste management and the integration of stringent safety practices in our own operations.

More economical water use in the downstream value chain through direct seeded rice
Rice is one of the most important staple foods for billions of people around the world – but the irrigation of rice crops is responsible for up to 43% of global freshwater use in irrigation, which could lead to challenges for affected communities such as water scarcity. One of the most promising solutions to support a sustainable rice production is direct seeded rice (DSR). We presume that this technologically driven and less resource-intensive cultivation system can reduce water consumption in rice growing by up to 40%. Direct seeded rice is a technology-driven and less resource-intensive cultivation system. For more information, see the section "Actions related to water availability through product and service innovations" in Chapter A 4.2.4 Water and Marine Resources. The transition from the traditional rice cultivation method to DSR can help farmers reduce water use by up to 40%.

Integrating health, safety and environmental practices in our operations
To effectively prevent accidents, we have developed a comprehensive package of measures centered around safety in our operations and our value chain. These measures impact affected communities such that pollution and the resulting negative impacts that jeopardize communities' access to important resources are avoided already at the point of origin. For more information on our measures to address pollution, please see Chapter A 4.2.3 Pollution.

Water management to avoid water stress for affected communities
As part of our Water Policy, we are currently establishing a water management system at all relevant sites, including those in regions affected by water scarcity. This is how we want to avoid, among other impacts, restricted access to water by affected communities. The establishment of our water management system at all sites is scheduled for completion by 2030. For more information on our water management, please see Chapter A 4.2.4 Water and Marine Resources.

Reducing potential impacts on communities through our waste management
We pursue a comprehensive approach to waste management, partly to protect affected communities from waste-related consequences. Our approach is commensurate with our Health, Safety and Environmental Management (HSE) and HSE Key Requirements Policy. For more information on our management of waste, please see Chapter A 4.2.6 Circular Economy.

Processes for engaging with affected communities about impacts [S3-2]

We do not currently pursue a generally applicable approach for the involvement of affected communities. The inclusion of affected communities takes place at the site level.

Processes to remediate negative impacts and channels for affected communities to raise concerns [S3-3]

We pursue various approaches to prevent and mitigate any negative impacts we might have on affected communities. One approach is our global Speak Up Channel, the grievance mechanism for raising concerns. For more information on the grievance mechanism, which is globally available to any person, please see the section “Processes to remediate negative impacts and channels for own workers to raise concerns [S1-3]” in Chapter A 4.3.1 Own Workforce and the section “Corporate culture and business conduct policies [G1-1]” in Chapter A 4.4.1 Business Conduct.

In general, all persons outside the company including impacted communities worldwide can access the Speak Up Channel, which we also make available via our website. The large number of persons who can access the channel presents a significant challenge for us. A conclusive evaluation of the degree of trustworthiness of and satisfaction with the grievance process from the viewpoint of the affected communities therefore currently is not possible. For details on how we protect individuals from retaliatory measures, please see Chapter A 4.4.1 Business Conduct.

Metrics and targets related to affected communities

As our performance in reducing impacts on affected communities is based on the reduction of the causal impacts in the area of environment, water and waste, we have not formulated any separate parameters and targets for affected communities.

Targets related to affected communities [S3-5]

We have not defined any specific metrics and targets for affected communities. We would nonetheless like to monitor the effectiveness of our concepts and actions as pertains to the material impacts and risks for affected communities. Our efforts are therefore focused on reducing the underlying impacts in the areas of pollution, water and waste. For more information on the area of pollution, water and circular economy, please see Chapter A 4.2.3 Pollution, Chapter A 4.2.4 Water and Marine Resources and Chapter A 4.2.6 Circular Economy.

4.3.4 Consumers and End-Users

For us, product stewardship means that our products meet the highest quality standards and are safe for people, animals and the environment when used as intended. Not only do the desired properties of substances and products need to be taken into consideration, but so too do the possible risks for people and the environment.

Strategy

Product safety and stewardship are a central element of our strategy. We respect legal requirements, and our voluntary commitment and internal standards go beyond these in a variety of areas.

Material impacts, risks and opportunities and their interaction with strategy and business model related to consumers and end-users [S4.SBM-3]

Through our double materiality assessment, we identified several impacts associated with the social involvement of consumers and/or end-users, the personal safety of consumers and/or end-users and information-related impacts for consumers and/or end-users. We manage these impacts through comprehensive policies and measures that are explained in the following chapter. All consumers and end-users who benefit from these impacts and/or could be affected are taken into account here.

The following consumer and/or end-user groups are considered in this chapter:

// Consumers and/or end-users of products that may have the potential to be harmful to people and/or increase the risk of chronic diseases
// Consumers and/or end-users of services that potentially negatively impact their rights to privacy, protection of their personal data, freedom of expression and nondiscrimination
// Consumers and/or end-users who are dependent on accurate and accessible product- or service-related information, such as manuals and product labels, to avoid the potentially damaging use of a product or service
// Consumers and/or end-users who are particularly vulnerable to health or privacy impacts or impacts from marketing and sales strategies, such as children or financially vulnerable individuals

In our Crop Science Division, we market our products primarily via external sales partners or directly to farmers. Since 2023, we have conducted an annual survey (the Farmer Voice Survey) of more than 2,000 farmers in eight countries around the world to learn more about their specific challenges and opportunities. Specifically, smallholder farmers play a major role in global agriculture and food security, as they often feed much of the local population in their respective regions. We understand that the challenges these farms must contend with are different from those facing larger commercial enterprises. Their yields are often lower, for example because they often have no access to high-quality crops, markets and practical knowledge about safer, more productive and environmentally compliant cultivation methods. We gained an understanding of the particular challenges facing smallholder farmers on a regionally specific basis through direct contact with our customers. Since 2022, we have commissioned independent experts with determining the impact of programs specifically aimed at this customer segment. Consumer Health products are generally sold to our consumers through pharmacies and pharmacy chains, supermarkets, online retailers and other large and small retailers. At Pharmaceuticals, our prescription products are primarily distributed to customers through wholesalers, pharmacies and hospitals.

Patient groups with a heightened risk are groups of people who have a higher health risk and a greater likelihood of being unrepresented, for example in clinical studies, due to various factors. We understand that pregnant women and nursing mothers, children, minorities, people with disabilities, people with rare diseases and senior citizens may be among these groups. Knowledge about the safety of pharmaceuticals is incomplete at the time of their initial approval. This is mainly because clinical testing of a pharmaceutical is conducted in a relatively small number of patients. Pharmacovigilance activities – in other words the monitoring of a pharmaceutical over its entire life cycle – enable side effects to be analyzed and patterns identified, for example in particular population groups. We therefore understand that different patient groups have different needs and take these needs into consideration when developing medicines and materials.

Material negative impacts on our consumers and end-users may result mainly from individual incidents due, for example, to the incorrect use of a product.

We try to ensure that our products and services meet the needs and expectations of the regulatory authorities in terms of safety, quality and effectiveness. Our substances and finished products undergo extensive assessment and testing to ensure product efficacy and safety. We examine possible health and environmental risks along the entire value chain and use this to derive appropriate measures to mitigate risks.

We contribute to the well-being and safety of patients and consumers by ensuring compliance with regulatory requirements and facilitating the efficient marketing and accessibility of our products. We also protect access by patients and customers to original products. In the fight against pharmaceutical counterfeiting, we have the “Beware of Counterfeits” campaign and cooperate with German and international authorities, such as Interpol, which are tackling this problem. To help farmers and distributors distinguish counterfeit products from original products of Bayer Crop Science, we have developed a reliable, interactive security feature for our products.

As access to everyday healthcare and self-care is still insufficiently developed in many regions, due among other reasons to financial obstacles, we help to ensure with our product offerings that particularly people in underserved regions have access to solutions to self-care solutions in order to improve their health outcomes and living conditions.

The shift in climate zones presents an elevated risk of crop losses and thus risks for the agricultural value chain as a whole. Weather and climate effects are of particular significance for the Crop Science Division and its downstream value chain in crop cultivation. We offer solutions that enable our customers to better cope with the challenges they face.

We recognize that financial risks can result from potential negative impacts related to our products. One specific example is litigations that can result due to possible health problems when our products are not used as intended. These potentially negative impacts may particularly affect consumers and end-users who use products that can be harmful to people when they are not used as intended, such as crop protection products.

Management of impacts and opportunities regarding the social involvement of consumers and/or end-users

Through our double materiality assessment, we have identified impacts related to access to products and services, as well as to responsible marketing practices.

The patent protection for our innovations gives us the financial opportunities to develop new products (pharmaceuticals, nonprescription products and agricultural products) that can have positive impacts on society and the environment. At the same time, we would be able to negatively impact access to over-the-counter products and medicines for larger, less wealthy parts of society through potentially high pricing.

We want to exert a positive influence on agriculture with our products. Our innovations – such as more efficient, water-resistant, less land-intensive crops – help to feed a growing world population. Through our efforts to advance digitalization and the responsible application of technologies, we enable farmers to increase their yields, improve the resilience of their crops and optimize the utilization of fertilizers and crop protection products. We want to increase the accessibility and availability of seeds, plants, food and nutrients through our Crop Science offerings and numerous initiatives. We also participate in numerous initiatives to give women in low- and middle-income countries (LMICs) access to agricultural knowledge and the corresponding inputs.

In the healthcare sector, our contraceptives can have a positive impact on women’s independence, education and career, which ideally helps to strengthen their role in society. This, in turn, can positively affect their families, communities and society at large. Through the use of intellectual property, we can invest in innovations for safer and more efficient products, including the search for solutions for currently “incurable” diseases, for example through technologies such as cell and gene therapies. We considerably influence access to healthcare through our pharmaceutical and nutritional products. By adjusting prices to reflect the local purchasing power for pharmaceuticals and by providing drug products in low- and middle-income countries (LMICs) and non-LMICs, we improve access to healthcare by people with low incomes.

As a global company, we could use our reach to accompany the public debate on issues that may have damaging impacts on the environment and society.

We market our products in accordance with the legal communication requirements (including the FAO and the Globally Harmonized System of Classification and Labeling of Chemicals). This can have positive impacts on society, as Bayer could be perceived as a standard for industry colleagues when it comes to increasing transparency and access to information for end-users.

Policies related to the social involvement of consumers and/or end-users [S4-1]

By promoting access to products, services and healthcare, as well as through responsible marketing, we want to support the social involvement of consumers and/or end-users and thus counter our impacts and risks.

Access to products and services through intellectual property protection

The Code of Conduct underscores the relevance of our innovation capability. It is therefore established in the Code of Conduct that we protect the value of our research and development activities and the good reputation of our company and our brands. At the same time, we respect the rights and claims of third parties.

Industrial property rights, including patents, business secrets, brands, samples and plant variety rights, along with supplementary protection certificates are an important part of the innovation process, especially when associated with significant capital expenditures, specialized research and a high risk of failure. This is the case in areas such as plant breeding, pharmaceutical research and development, or crop protection R&D.

The Code of Conduct is supplemented by our intellectual property (IP) principles, which describe our commitments in connection with the protection of intellectual property rights. It is established there, for example, that we make use of industrial property rights to promote cooperation and enable partnerships that are beneficial to global health and sustainable food security.

The principles apply to all Bayer employees and are discussed at least twice a year at internal workshops of the global IP function, which holds responsibility for this issue.

The value of Bayer's portfolio depends on intellectual property protection according to the TRIPS agreement of the World Trade Organization (WTO), which demands certain measures to ensure an appropriate duration of product protection to sufficiently incentivize the development of innovative products. We advocate for high standards with regard to the protection of industrial property rights and innovation protection that incentivizes the development and manufacture of and trade with innovative products to enhance their accessibility within the framework of international cooperation according to the TRIPS agreement. The IP principles are in line with the United Nations Guiding Principles on Business and Human Rights (UNGPs). No cases of noncompliance with the UNGPs were reported in 2024. For more on our Code of Conduct, please see the section "Holistic policies for managing material sustainability matters" [MDR-P]" in Chapter A 4.1 General Information on the Sustainability Statement.

Improving the social integration of smallholder farmers through Bayer's sustainability strategy

Our products and services can help farmers worldwide to increase production, and thus also reduce food inflation, to feed a growing world population, while consuming fewer natural resources. Farming is often the only source of income for many people in low- and middle-income countries. We help to fight poverty there through our engagement with smallholder farmers and our efforts to support women.

This strategy is monitored through various actions, including particularly our progress in attaining our goal of supporting 100 million smallholder farmers by 2030. For more information on our 100 million targets, please see the section "Targets for managing material negative impacts, advancing positive impacts, and managing material risks and opportunities [S4-5]."

Our strategy to empower smallholder farmers is embedded in our regional commercial strategies and entrusted to local management and the position responsible for Sustainability and Strategic Engagement at Crop Science. Overall responsibility for attaining the target lies with the Board of Management. The strategy is oriented toward the United Nations' global Sustainable Development Goals (SDGs), which should be achieved by 2030. The strategy is in line with the United Nations Guiding Principles on Business and Human Rights (UNGPs). No cases of noncompliance with the UNGPs were reported in 2024.

Our sustainability strategy for empowering smallholder farmers accounts for the interests of all relevant stakeholders, including the farmers themselves, governmental authorities, nongovernmental organizations, market participants and society in general, to ensure effective and sustainable implementation.

Our strategy to empower smallholder farmers is publicly available on our website.

Our strategy for improving access to healthcare
As a pharmaceutical company, we believe we have a responsibility to improve access to healthcare and have developed a strategy to achieve that. Above all, this includes access to contraception methods and self-care products.

Responsibility for implementing the strategy to improve access to healthcare lies with the heads of the Pharmaceuticals and Consumer Health divisions, both of whom are members of the Board of Management of Bayer AG due to their positions.

Improving access to healthcare remains one of the most important and at the same time complex global development challenges, as reflected in the third Sustainable Development Goal (SDG) of the United Nations. The strategy is in line with the United Nations Guiding Principles (UNGPs) on Business and Human Rights. No cases of noncompliance with the UNGPs were reported in 2024.

We cooperate closely with various public sector partners to measure the results and impacts that our activities have on improving patients' access to healthcare. This is reflected, for example, in our cooperation with the World Health Organization (WHO) and other organizations to eradicate neglected tropical diseases (NTDs), as well as in our collaboration with the German Society for International Cooperation (GIZ), the Ghana Heart Initiative and other programs to improve the effectiveness of cardiovascular treatment in Ghana, and the Challenge Initiative to improve women's access to contraceptives and family planning resources.

Information pertaining to our strategy to improve access to healthcare is publicly accessible.

Responsible marketing through rules of conduct and pharmaceutical industry codes
The Bayer Code of Conduct is supplemented with rules of conduct on responsible marketing and the Bayer Societal Engagement (BASE) principles, which establish how we interact with various stakeholders worldwide. Through these, we undertake to uphold ethical principles in advertising and communication for all our products and services. We respect the preferences of patients and customers and empower them to make informed decisions. We also establish in the BASE principles, which apply to all employees, that we work together with our business partners throughout the value chain and assume responsibility.

Through our Code of Conduct, we also communicate anti-corruption rules that prescribe that Bayer employees may not confer benefits to improperly influence someone's decision, action or opinion. As part of our compliance management system, we register and investigate any suspected violation of our responsible marketing principles.

Sales employees may, for example, lose their entitlement to variable compensation if violations that they could have prevented have occurred in their sphere of responsibility. Third parties acting on Bayer's behalf in countries with a high corruption risk undergo a separate due diligence process that involves criteria related to anti-corruption. The respective corporate policies and training programs are implemented in the divisions and enabling functions. When doing so, general global training measures are supplemented with training courses pertaining to local codes. The respective countries or, in some cases, the central legal department, are primarily responsible for implementing these training measures. Employees with customer contact and/or business responsibility undergo especially intensive training.

We regularly conduct audits to verify conformity with internal compliance rules and external regulations in the area of marketing. The audit program is focused on compliance with local codes and with antitrust and anti-corruption rules by the marketing departments of the divisions and country organizations. Coverage of this issue is achieved by way of an audit cycle that regularly assesses the country organizations, as well as audits of management systems (compliance program audits). The audit plan is regularly discussed with the Board of Management and the Supervisory Board and approved by both bodies.

We also apply industry codes in our marketing and distribution activities. All codes of the International Federation of Pharmaceutical Manufacturers & Associations (IFPMA) serve as a binding minimum global standard for all our human pharmaceutical products in their area of application.

In addition, we observe the codes of the European Federation of Pharmaceutical Industries and Associations (EFPIA) in our interaction with healthcare professionals and patient organizations. Regarding the advertising of human pharmaceutical products, we comply with the regulations set out in the IFPMA Code of Practice as the minimum global standard along with those set forth in regional and national codes. The strategy is in line with the United Nations Guiding Principles (UNGPs) on Business and Human Rights. No cases of noncompliance with the UNGPs were reported in 2024.

We observe the applicable transparency rules and participate in voluntary programs such as the EFPIA Disclosure Code. In accordance with the EFPIA Disclosure Code, we disclose benefits in kind to medical specialists and health organizations in connection with the development and marketing of prescription (and, where legally required, nonprescription) medicines. The rules of conduct for responsible marketing are publicly accessible on our website.

Responsible marketing at Crop Science as part of the Product Stewardship Policy
In accordance with our internal Product Stewardship Policy, we declare that ethical sales and marketing practices must be complied with that satisfy the applicable regulations and Bayer's internal standards. Responsible marketing and sales also entail monitoring the implementation of procedures, systems and processes by all relevant Bayer companies and distributors of Bayer products and services. We observe all applicable laws and regulations on marketing practices, the global, regional and local industry codes of conduct of relevance for our business, and all of our internal standards. We have specified our principles of responsible product management in our Product Stewardship Commitment, Principles and Key Requirements Policy. This policy pertains to the life cycle of all seeds and traits, biological and crop protection products, and services in our portfolio. Product stewardship ensures the availability of high-quality products and services, as well as proven processes to enable compliance with all legal and regulatory requirements, facilitate trade, maximize product potential and sustainability and minimize risks to human and animal health, as well as the environment. The principles are directed at all Bayer employees. Responsibility for product stewardship in the Crop Science Division lies with the Strategy and Sustainability divisional function, which reports directly to the Crop Science Executive Leadership Team (ELT), the division's highest decision-making body. The ELT is led by the head of the Crop Science Division, who, in this function, is also a member of the Board of Management of Bayer AG.

Our high internal product stewardship standards are based on the International Code of Conduct on Pesticide Management issued by the Food and Agriculture Organization of the United Nations (FAO) and the World Health Organization (WHO). These can be found in our Product Stewardship Commitment, Principles and Key Requirements Policy. This also strengthens partnerships and opens up dialogue with our most important stakeholders and customers, thus fostering long-lasting trust in Bayer products and services, maintaining the foundation of our business in the long term and ultimately gaining public trust as far as possible.

The strategy is in line with the United Nations Guiding Principles (UNGPs) on Business and Human Rights. No cases of noncompliance with the UNGPs were reported in 2024.

We sensitize all our employees and those of our suppliers to their product stewardship responsibilities through our Bayer Supplier Code of Conduct (please see the section “Holistic policies for managing material sustainability matters [MDR-P]” in Chapter A 4.1 General Information on the Sustainability Statement). We require of all employees that they adhere to the commitments, principles and key requirements pertaining to product stewardship and promote these in their scope of activity. It is up to all Bayer employees to actively support the appropriate development and use of our products and services both internally and externally. It is a clear expectation of Bayer management that every single employee is aware of specific aspects of product stewardship that apply in their scope of activity. The contents are publicly available on our website.

Actions related to the social involvement of consumers and/or end-users [S4-4]

To promote the social involvement of consumers and/or end-users, we have developed measures to protect intellectual property and, at the same time, enable access to products and services.

Measures to responsibly manage intellectual property

In accordance with our IP principles, we support an extensive package of measures designed to facilitate access to patents. For example, we offer small vegetable growers in the European Union free access to our European patents on seeds that are listed in the Euroseeds PINTO database and are licensable.

Companies that develop and market their products in the European Union and have annual sales of less than €10 million and fewer than 50 employees (please see also the SME definition of the European Commission) can benefit from this initiative. Such companies generally do not have sufficient resources to pay the fees for patented innovations.

The initiative was launched in February 2022 and will initially run indefinitely. The means of managing material impacts focus in particular on free access to our European patents on the aforementioned vegetable seeds.

Innovations and applications for our concept of regenerative agriculture

We aim to transform agriculture by driving forward a more sustainable food system guided by our concept of regenerative agriculture.

Our concept of regenerative agriculture is an outcome-based production model based on two key building blocks: productivity, which focuses on helping farms to produce more with less, and regeneration, which focuses on delivering a positive impact on nature. Key outcomes we strive for are yield increase and improved social and economic well-being of farmers and communities, and positive impact on nature.

We are an innovation leader in the agricultural sector, with over €2.6 billion invested annually by our Crop Science Division in research and development and a strong global presence. For more information on our concept of regenerative agriculture, please see Chapter A 4.2.5 Biodiversity and Ecosystems.

Supporting smallholder farmers through our product and service portfolio

To reduce business risks for all partners in the value chain, including smallholder farmers, we are successively expanding our product and service portfolio for these farmers amid innovative business models and digital solutions. These include solutions from the areas of digital farming and market access, a differentiated product portfolio, biotechnological solutions and the formation of partnerships along the value chain. The continuous development of solutions tailored to the needs of smallholder farmers is crucial to help more of these farmers achieve better harvest yields. Through these solutions, we enable access to high-quality seeds for key crops that can better withstand difficult environmental conditions and insect pests, as well as to affordable and more effective crop protection products.

With the help of independent experts, we examined the smallholder farmers' experience with selected programs. In so-called impact studies, the experts use surveys of randomly selected study participants to determine the impact of the programs on the livelihoods of smallholder farmers. We have conducted longitudinal studies on the social impacts of three programs in key smallholder farmer regions from 2022 until today, with the farmers being surveyed during the 2022-2023 growing season and a selection of them once again a year later. The majority of participants confirmed an increase in yields and farming income as well as a better way of farming and an improved quality of life since joining the programs. Allocated resources are spent particularly to expand our product and service range for smallholder farmers and to form strategic partnerships.

Initiative to enable access to important vitamins and minerals
In accordance with our mission "Health for all, Hunger for none," we launched our signature program the Nutrient Gap Initiative (NGI) in 2021 to enable access to essential vitamins and minerals for 50 million people annually by 2030 in underserved regions. The initiative addresses the main barriers to accessing micronutrients through interventions with accessible and affordable nutrition solutions, education and advocacy. While it initially focused on essential supplementation, the initiative was expanded in 2023 to include access to nutritious food through our support to smallholder farmers to grow fruit and vegetables. To achieve the goals of the initiative, we established strategic partnerships, for example with Vitamin Angels, to reach four million women and their babies with essential prenatals each year and with the last-mile health social enterprise reach52 to provide nutrition education to underserved communities.

As the NGI is an important activity in the context of our 100 million targets, we measure its success through the attainment of our targets. For more information on our 100 million targets, please see the section "Targets for managing material negative impacts, advancing positive impacts, and managing material risks and opportunities [S4-5]." Allocated resources are spent particularly on the forging of strategic partnerships to support the supply of important vitamins and minerals.

Activities to improve access to healthcare
One of our fundamental objectives is to ensure global access by patients to our medicines. Against this background, we have amended the international pricing of our pharmaceutical products and implement programs to reduce all patients' copayments. Our ambitions include improving access to our prescription products for people in low- and middle-income countries through improved availability and modified drug pricing, as well as through our patient access programs.

For some of our best-selling and most innovative products (Adempas™, Eylea™, Kerendia™, Kyleena™, Mirena™, Nexavar™, Stivarga™, Verquvo™ and Xarelto™), including individual new launches, we have established framework conditions for adjusted, equitable pricing that also account for per capita gross national income and thus enable the establishment of selling prices that reflect the local purchasing power in the respective countries.

Our patient access programs help patients in LMICs to better overcome financial obstacles to taking prescribed medicines in a timely manner or, on a long-term basis, to give patients not only reliable drug access, but also sustainable treatment. We cooperate with insurance providers, charitable organizations and other partners to advance these options. Our patient access programs are developed according to the framework conditions in each country and take account of patient needs, which are supported in various ways, for example through:

// Individual assessment of patients' financial solvency and derivation of a corresponding financing and treatment plan
// Reduction of the financial burden on patients, for example through the combined provision of free and payment-based medicines or the granting of discounts on the original selling price

Our price philosophy approach was initiated in 2020 and is being continuously rolled out worldwide. Our activities and progress in the specific partnerships are tracked and published, partly to ensure the effectiveness of the implementation and results of our actions.

In these approaches, we work together with global and local nongovernmental organizations, governmental authorities, charitable organizations and other partners to determine the correct actions and ensure that they are maximally effective.

No serious problems or incidents were reported in 2024 in connection with the human rights of our consumers and/or end-users.

Our amended pricing and patient access programs improve access to healthcare and reduce negative impacts on consumers and/or end-users. The means of managing material impacts focus in particular on adapted pricing for some of our products.

Measures for responsible marketing
We are committed to correct and scientifically founded communication at all times on a global and company-wide basis, and also demand this commitment from our external partners through our Bayer Supplier Code of Conduct. Our commitments have the primary goal of achieving clarity by avoiding ambiguous statements. Furthermore, advertising is always reviewed internally to ensure accurate content and compliance. Information is presented uniformly, irrespective of its form and place of publication (such as news releases, social media or letters to customers). We track effectiveness in practice through the regular overall review of our marketing processes. The goal of interactions with healthcare professionals and organizations (HCPs, HCOs) is to support medical care and ultimately benefit patients. These interactions should above all inform HCPs and HCOs about products, pass on medical and educational information or supporting research results, and provide them with educational materials. Nothing must be offered or granted to HCPs and HCOs in a way that would improperly influence prescribing behavior. Company employees must also act fairly and ethically when interacting in the marketing or sale of agricultural products such as seed and crop protection products. We expect our suppliers to meet their obligation to ensure truthful and accurate descriptions when producing sales, advertising and marketing materials.

We undertake to implement and monitor procedures, systems and processes and conduct regular reviews and risk assessments of our marketing processes to ensure the best possible quality of our products and the protection of people and the environment. Based on the risk assessments, we implement the necessary corrective measures and report transparently on reassessments. This may also involve restrictions on product marketing.

We use our continuous risk assessments to review the effectiveness of these corrective measures. We also carry out regular training measures to familiarize our employees with laws, regulations and internal rules.

Management of impacts, risks and opportunities related to the personal safety of consumers and/or end-users

Through our double materiality assessment, we identified the impacts related to the health and safety of consumers and/or end-users, which are managed through a comprehensive package of policies and measures.

In order to ensure the safe use of our products by end-users, we generally go beyond the legal requirements as regards providing personal safety information in this respect. End-users sometimes do not use products as intended despite the use of labels, which presents a health risk for farmers and patients, as well as a threat to the environment.

We are exposed to risks from legal disputes or proceedings to which we are currently a party or which could arise in the future.

Our digital transformation is closely linked with the use of new technologies in the areas of healthcare and agriculture. The use of new technologies can have impacts in society that are not yet fully known and concern people's livelihoods, well-being and safety.

Due to strict compliance with ethical standards when conducting clinical studies in drug development, we consider human rights, safety and inclusiveness in our clinical studies. This directly impacts the test subjects who participate in clinical trials and the end-users of the products.

Policies related to the personal safety of consumers and/or end-users [S4-1]

Product safety is a central element of our policies to promote the personal safety of consumers and/or end-users.

Our policy for ensuring the quality and safety of pharmaceuticals

Extremely stringent safety standards for patients and medical professionals apply to pharmaceuticals and medical devices. That is why both the development and the manufacture of pharmaceuticals and medical devices are subject to very strict quality requirements. An important role is played here by our Product Safety and Quality: Reporting Obligations of Employees Policy.

This policy applies to all Bayer products for human use (pharmaceuticals including vaccines, nutritional products, cosmetics, medical devices, combination products and therapeutic aids).

The commitments described in this policy must be complied with by all employees who implement the policy, irrespective of which division or supporting function the employees work for. It must be implemented by all Bayer companies worldwide that hold market approvals or medicinal product registrations for pharmaceutical or consumer health products, conduct pharmaceutical or consumer health business practices, or perform services for pharmaceutical or consumer health companies. For Bayer products, this policy summarizes the following commitments:

// Commitments to implement safety- and quality-related processes
// Commitments for employees who receive knowledge of safety- or quality-related information
// Commitments for employees responsible for digital activities sponsored by Bayer
// Commitments for employees who conclude agreements with external partners
// Commitments for the legal department of Bayer

Internal experts and external assessors regularly conduct risk-based audits to verify compliance with the statutory requirements and relevant standards in development and production, as well as for registered product specifications. Such audits also cover our subcontracted institutes, service providers, suppliers and contract manufacturing organizations (CMOs). In addition to the internal quality assurance mechanisms, all our sites are regularly inspected by the respective countries' health authorities to verify compliance with the various national and international requirements, and certified according to the respective product category (e.g. through GMP certificates or in the form of an official manufacturing license).

The quality management system of the Pharmaceuticals and Consumer Health divisions is based on internationally recognized standards and applicable legal, regulatory and ethical requirements for all stages of the provision of a pharmaceutical or a medical device – from development to registration, production and distribution. In particular, these standards include the rules for good working practice (GxP) in the development and manufacture of pharmaceuticals – such as Good Manufacturing Practice (GMP), Good Distribution Practice (GDP), Good Clinical Practice (GCP), Good Pharmacovigilance Practice (GVP), ISO certifications such as those for the manufacture of medical devices (e.g. ISO 17025 and 13485), and the guidelines of the ICH (International Council for Harmonisation of Technical Requirements for Pharmaceuticals for Human Use). The strategy is in line with the United Nations Guiding Principles (UNGPs) on Business and Human Rights. No cases of noncompliance with the UNGPs were reported in 2024.

We consider the interests of our stakeholders through continuous dialogue to enable the needs of customers, patients, healthcare professionals and regulatory authorities to be taken into consideration in the development and implementation of our quality and safety strategy.

To maintain the high quality of our pharmacovigilance system, our medical and scientific experts undergo regular training. Furthermore, in line with our Product Safety and Quality: Reporting Obligations of Employees Policy, all Bayer employees are required to undergo training as regards their obligation to immediately report safety- and quality-relevant information to the pharmacovigilance department.

Product safety and responsible handling of our products
We have specified our principles of responsible product management at our Crop Science Division in our Product Stewardship Commitment, Principles and Key Requirements Policy. Among other issues, the policy stipulates that suitable programs be implemented to train and instruct our employees and customers in the responsible use of our products and services over their entire life cycle. For more information on this corporate policy, please see the section “Responsible marketing at Crop Science as part of the Product Stewardship Policy.”

Accounting for potential risks through new technologies and Bioethical Principles
Our Bioethical Principles serve as clear, company-wide guidelines for research and development activities, innovations and the utilization of technologies. Our Bioethical Principles are based on our business ethics principles and our company values.

They are subdivided into the following six current focal point areas and guide our work from a bioethical perspective:

// Responsible use of genetic engineering
// Responsible approach to human stem cells
// Responsible approach to human biological samples
// Responsible implementation of studies involving humans
// Responsible use of artificial intelligence
// Animal welfare

Accountability for bioethical decisions is anchored in our governance structures, and responsibility for implementing this procedure lies with the R&D heads and upper management in the countries/country groups and divisions at all our sites.

We commit to observe applicable laws, regulations and international conventions related to bioethics. The strategy is in line with the United Nations Guiding Principles (UNGPs) on Business and Human Rights. No cases of noncompliance with the UNGPs were reported in 2024.

We review our high ethical standards and obtain advice from a group of leading experts, including the members of our independent Bioethics Council. This is an independent advisory body without executive powers for business operations that supports all divisions and convenes twice a year to deliberate.

The Bioethics Council offers us expertise and consultation in bioethical matters related to research and development innovations in the life sciences. The focus lies on medical issues, bioengineering and artificial intelligence – as well as questions in the context of the discovery, development, production and application of treatment forms and therapies to promote human health, and on agricultural products and services.

The Bioethics Council acts in an advisory capacity in assisting us to make bioethics an integral part of research and development activities, analyzes our bioethical guidelines and gives recommendations on strategic changes, examines our progress in implementing our bioethics strategies and guidelines, and counsels us on the most important drivers of current bioethical issues (such as technological progress and societal change) that are of relevance to our work.

As part of a training course dealing with this issue, special bioethical learning resources are offered to our employees, the purpose of which is to create a fundamental understanding of our bioethical values and guiding principles. Our bioethical principles are publicly accessible online on our website.

Ethical standards for conducting clinical studies in drug development
With respect to our clinical trials, we strictly align ourselves to the Declaration of Helsinki, an ethical standard in place since 1964 that regulates research conducted on humans. This is stipulated in our Human Rights Policy and also applies to all research institutes (clinical research organizations, CROs) tasked with conducting clinical trials on our behalf. For more information on our Human Rights Policy, please see the section “Holistic policies for managing material sustainability matters [MDR-P]” in Chapter A 4.1 General Information on the Sustainability Statement.

We conduct research in humans according to the strictest medical, scientific and ethical standards. We pay great attention to the well-being, dignity, safety and rights of the patients, which the Chairman of the Board of Management (CEO) is responsible for ensuring in his oversight of the human rights strategy.

Our studies in humans take into account the following four basic ethical principles:

// The self-commitment to consider the benefit for the study participants or to help others (beneficence)
// The self-commitment to not harm the participants or others (nonmaleficence)
// The self-commitment to treat the participants fairly (justice)
// Respect for the participants’ autonomy

Additional statutory regulations, directives and ethical codes supplementing the Declaration of Helsinki have been further developed and introduced worldwide to ensure that the health and safety of participants in clinical trials are the top priority. We follow the Harmonized Guideline on Good Clinical Practice (International Conference on Harmonisation of Technical Requirements for Registration of Pharmaceuticals for Human Use – Good Clinical Practice, ICH-GCP). Its requirements include the deployment of an independent ethics committee for each clinical trial involving human subjects. A clinical trial on behalf of Bayer cannot begin without a positive vote from such an ethics committee. The commitment to complying with the ICH-GCP is also included in the agreements with the clinical research organizations (CROs) we commission to conduct clinical trials.

The strategy is in line with the United Nations Guiding Principles (UNGPs) on Business and Human Rights. No cases of noncompliance with the UNGPs were reported in 2024.

Patient centricity and cooperation with important patient organizations are fundamental to identify and fulfill the extensive needs of a particular population group. To address the various structural and ethical challenges, we are advancing in our continuous efforts to improve and innovate research methodologies and data collection techniques, for example through real-world evidence approaches.

Conducting clinical trials with participants from various demographic groups, for example in terms of ethnicity, sex and age, helps ensure that trial results are applicable to broader patient populations. To ensure diversity and inclusion are foundational in our research and development practices, Bayer consults and partners with a variety of relevant stakeholders, including clinicians, scientists, health and regulatory authorities, ethics committees and patient advocacy groups.

As participation in a clinical study is voluntary, patients can decide freely whether or not to take part and have the right to discontinue the study at any time without giving any reasons and without this having any impact on their standard medical care. Patients must be immediately notified by the examining physicians if new findings become known during the study about benefits, risks or side effects of the study medication. Pharmaceutical law also prescribes that the sponsor of a clinical study must provide health insurance for all participating patients. This ensures that compensation is possible if a patient experiences health impairment during the study or in the subsequent observation period despite all precautionary measures. To protect the collected personal and study-related data of the participants, all data is encrypted during and after the study so that the patients' identities remain confidential.

Actions related to the personal safety of consumers and/or end-users [S4-4]

We aim to protect the personal safety of consumers and/or end-users through education, training and transparency measures. In cooperation with our consumers and/or end-users and through continuous monitoring of the use of our products and services, as well as the occurrence of problems, we determine which measures are necessary and appropriate to react to certain real or potential negative impacts on consumers and/or end-users.

Activities for the responsible use of crop protection products

In accordance with the Product Stewardship Commitment, Principles and Key Requirements Policy, which governs the responsible use of crop protection products, we have developed a plan of action that includes, for example, training programs on the proper use of our products and services. There is no systematic process for measuring the effectiveness of this activity.

The use of our products and services and the occurrence of associated problems are actively monitored to identify any need for changes in the labeling, user instructions, formulation or product availability.

If compulsory training measures and accreditation requirements to ensure the safe and responsible use of products and services are inadequate or not in place at all in the countries, we support the responsible use of our products and services by implementing suitable training measures – through our own activities and/or those of industry associations, as well as through cooperation with various stakeholder groups, including governments and advisory services. We focus on training activities in countries where there are no statutory certification requirements for the handling of crop protection products. As a member of CropLife International, we help to train nearly four million farmers in 82 countries in the responsible and appropriate use of crop protection products.

In 2023, we published the first report on sustainable pesticide management, in which we describe in detail how we as a company implement the International Code of Conduct on Pesticide Management of the FAO and the WHO, and give specific examples of our responsible activities throughout the entire life cycle of our crop protection products.

With our Bayer Safe Use Ambassador initiative, we also help to train agricultural students. Our goal is to improve farmers' safety and reduce the environmental impact of crop protection products through knowledge transfer and empowerment. Since 2017, through the initiative, we have partnered with more than 50 universities across Asia/Pacific and Africa. We offer students training in the safe use of crop protection products in cooperation with agricultural universities. Additionally, we have been regularly conducting webinars and online events on the sustainable use of crop protection products since 2020. In the medical sector, we provide physicians and poison control centers with guidance about the hazards, toxicity and treatment of crop protection product poisoning, as well as the treatment of snake bites. Looking ahead, we plan to expand the Bayer Safe Use Ambassador initiative to more universities, countries and regions.

We record and monitor all reported adverse events connected with the use of our products. We also work actively with regulatory authorities and a number of industry stakeholders to offer appropriate measures.

A multi-stakeholder approach is required for effective management. Together with CropLife International, we help to establish capacities, particularly in countries that do not yet have efficient local structures in accordance with the FAO-WHO code. The buildup of capacities encompasses effective structures for risk-based regulatory assessments of existing and innovative technologies, the reporting and management of incidents, training and certification in the safe use of products by farmers/distributors, professional applications (e.g. using drones), the availability and use of personal protective equipment (PPE), empty container management and the sharing of counterfeit protection measures and best practices between regulatory authorities. In the rare case that a product does not satisfy our quality standards (such as packaging problems or contamination), we conduct a procedure to bring about a product suspension, return or recall depending on the specific case. Every two years, general quality performance risks and improvement needs are reported and reviewed together with management within the scope of a compulsory quality management assessment that summarizes how our efforts and corrective measures reduce or mitigate potential quality risks. Funding for managing material impacts goes mainly into the organization of suitable training measures that are designed to ensure the responsible use of our products.

No serious problems or incidents with our products were reported in 2024 in connection with human rights associated with our consumers and/or end-users.

Disclosure measures to ensure transparency of clinical studies
We are fully committed to disclosing information about our planned and ongoing clinical trials. We also publish results of trials in patients and provide free access to this information on the internet, irrespective of whether they are positive or negative for one of our products. There is no systematic process for measuring the effectiveness of this activity.

Public disclosure of clinical trial information is performed in line with the position of the global pharmaceutical industry associations laid down in the Joint Position on the Disclosure of Clinical Trial Information via Clinical Trial Registries and Databases.

As a member company of the European and US pharmaceutical federations (EFPIA and PhRMA), we comply with their declared principles on the responsible sharing of clinical trial data that aim to foster scientific discovery. Increased transparency while maintaining patient privacy is intended to encourage innovation and ultimately benefit patients.

Through our disclosure measures, we support efforts by the European Medicines Agency (EMA) and the European Parliament to further increase the transparency of data from clinical studies, as laid down in the EMA policy on publication of clinical data for medicinal products for human use and the EU Clinical Trials Regulation (EU) No. 536/2014.

We have introduced a thorough monitoring and quality control process to ensure that the high standards for the transparency of clinical trial information for our medicines are fully met and that information on clinical trials as outlined in this policy is publicly disclosed in time and is of high quality.

The means of managing material impacts focus in particular on free provision of the results of information on our clinical studies.

Management of impacts related to access to information by consumers and/or end-users

Through our double materiality assessment, we have identified the impacts related to access by consumers and/or end-users to quality information, which are managed through a comprehensive package of guidelines and measures.

In order to ensure that end-consumers can make individual decisions when using our products, we go beyond the legal requirements as regards providing personal safety information in this respect. Since 1994, we have supported the voluntary Responsible Care™ initiative of the chemical industry and the associated Responsible Care Global Charter. We are also actively involved in the further development of scientific risk assessment through our work in associations and initiatives.

Policies related to access to information by consumers and/or end-users [S4-1]

We manage impacts related to access to information by consumers and/or end-users through our product safety strategy.

Rules for access to quality information through our Product Stewardship Policy

We have specified our principles of responsible product management in the Crop Science Division in our Product Stewardship Commitment, Principles and Key Requirements Policy. In the chapter on research and development, the policy establishes precise rules regarding transparent and exact information on product handling. Product containers and the corresponding exterior packaging must be labeled with appropriate and accurate information according to the product's registered or approved use.

In countries in which no specific labeling requirements exist, crop protection products are labeled according to the Globally Harmonized System of Classification and Labeling of Chemicals (GHS) and the FAO's guidance on good labeling practice for crop protection products. Specific information on the safety of a product when used as intended is only permitted if allowed for under local legislation and if scientific evidence is available to underscore the information. For more information on this policy, please see the section "Policies related to the social involvement of consumers and/or end-users [S4-1]."

Processes for engaging with consumers and end-users about impacts [S4-2]

Company-wide principles established in the Bayer Code of Conduct determine how we engage not just with our own employees, but also with patients, customers, consumers and other stakeholders. This is how we want to live up to our social responsibility as a transparent company that acts sustainably and is respected for its contribution to progress in healthcare and agriculture. We want to listen, understand, take concerns seriously and conduct a respectful dialogue. Responsibility for implementing the principles established in the Code of Conduct lies with the Chairman of the Board of Management (CEO).

We have established processes throughout the company to continuously address inquiries about product safety or problems with products of ours that are already available on the market. This feedback from the direct contact with consumers, end-users and their representatives, such as physicians or pharmacists, is also taken into account in our risk assessment. We continue to observe and evaluate our products following their approval and throughout their entire life cycle. This enables adverse impacts to be identified as early as possible and a decision to be taken as regards the necessary risk mitigation measures.

Bayer has established suitable policies and management systems to implement statutory and voluntary product stewardship requirements.

Clinical trials are usually conducted with adults between 18 and 64 years of age, which is also why safety data for special population groups is only available to a limited extent. For this reason, the risk of possible side effects in special population groups is generally estimated based on the available data or experience with similar products. As the needs of these special population groups can differ from those of other groups, however, it is important to also conduct studies in these groups in order to find new ways of treating, controlling and preventing diseases. Another way pharmaceutical companies can support specific population groups is by providing information material about an illness or medication. One example is hemophilia, for which Bayer has produced information videos to teach patients more about their illness and its treatment. Other patients – especially elderly people – can have difficulty swallowing tablets due to their age or to neurological or physical disorders. Pharmaceutical companies can support these patients by offering information material with advice on taking their medicine.

Processes to remediate negative impacts and channels for consumers and end-users to raise concerns [S4-3]

We undertake to exercise our operations in an ethical and legally compliant manner and encourage our employees and third parties to raise their compliance concerns. The impact of our general approach is assessed through the specific remedial measures and management systems described below in more detail.

Our Speak Up Channel offers an accessible process for reporting human rights and environment-related risks, along with corresponding violations under the protection of confidentiality and against any reprisals. This channel is available not only to our employees, but also to all third parties who would like to report a potential compliance violation. This applies irrespective of whether the third party has a business relationship with us or whether the company's own rights are affected, and thus includes all of our consumers and end-users. Users of our products can also contact us if they have inquiries or grievances, or wish to report incidents, using various communication channels that are explained in greater detail below for our various business areas.

As described in our Bayer Supplier Code of Conduct, suppliers throughout the supply chain must also encourage their employees and give them the means to report concerns, grievances or potentially unlawful activities resulting from economic activities at their own workplace or that of another supplier without the threat of reprisals, intimidation or harassment. All reports must be treated confidentially and can be filed anonymously wherever legally permissible. Suppliers must investigate such reports and take remedial measures, if necessary.

We draw awareness to our Speak Up Channel on the internet, including an infographic and FAQs. The relevant channels for product-specific questions, grievances or incident reports can be found on the product packaging. We can tell based on the use of the various channels that consumers and/or end-users are familiar with and trust these structures and processes. Beyond this, there are currently no specific methods for measuring the confidence of end-users in these channels. For more information on our Speak Up Channel, please see Chapter 4.4.1 Business Conduct. To learn how we protect individuals from retaliatory measures, please see Chapter A 4.2.3 Pollution.

Crop Science

Users of our products can contact us through a range of communication channels should they have inquiries or grievances, or if they wish to report any incidents. These channels include both direct contact with our sales staff and hotline numbers printed on our product packaging.

We follow up every incident relating to our crop protection and seed products reported anywhere in the world and manage the incidents with the aid of a dedicated incident management system and the CAIRnew software, a solution for reporting, administering, documenting and analyzing incidents, grievances and product recalls. Reported incidents are classified based on severity and risk. Our incident management system and continuous product use screenings form the key reference points when it comes to monitoring the safety of our products and to identifying necessary improvements. In general, steps to mitigate risks can vary from increased training efforts, change of formulation, revised application recommendations and use limitations, to product withdrawal.

We work with hospitals and poison control centers to further improve their report and data quality and thus ensure the effectiveness of our channels. Since 2022, we have also engaged with medical professionals through our Bayer Safe Use Ambassador initiative, in which we encourage physicians in locations where

there are no national incident monitoring institutions to report any incidents related to the use of our crop protection products directly to us.

Pharmaceuticals and Consumer Health
SafeTrack is Bayer's proprietary web-based tool with which patients, caretakers and healthcare professionals can report adverse events digitally. Our teams evaluate internal benefit and safety data, clinical trials, post-marketing studies, external databases and scientific publications to identify potential safety concerns at an early stage and detect possible changes in the benefit–risk profile. All reported side effects are entered into our pharmacovigilance database. The data is regularly evaluated in collaboration with the regulatory and oversight authorities at both the national and international level. Of particular importance is not just collecting data during the clinical development of a medical product, but also monitoring the product after marketing authorization has been granted.

We pass on suggestions derived from these reports regarding possible supplementary safety-relevant information for the package inserts to the regulatory authorities. Such suggestions usually go to the authorities from the respective pharmaceutical manufacturers. The relevant health authorities decide on the steps resulting from the reports and suggestions in close cooperation with us as the producer.

Should risks be identified, we immediately take steps to safeguard the health of patients and consumers in coordination with the authorities. These measures range from updating product information for patients, users, pharmacists and physicians through patient education brochures and further training measures for medical professionals to direct communication with medical experts (Direct Healthcare Professional Communication, DHPC) and even product withdrawals. Implementation of risk mitigation activities is coordinated by our local safety management teams (SMTs) in the country organizations. All these processes are documented, regularly updated and integrated into the quality management system. To maintain the high quality of Bayer's pharmacovigilance system and ensure its effectiveness, our medical and scientific experts additionally undergo regular training. Furthermore, all of our employees are required to undergo training as regards their obligation to immediately report safety- and quality-relevant information to the pharmacovigilance department.

Metrics and targets related to consumers and end-users
With regard to consumers and end-users, we report on our 100 million targets through 2030.

Targets for managing material negative impacts, advancing positive impacts, and managing material risks and opportunities [S4-5]
Our 100 million targets are a central element of our sustainability performance; here we focus particularly on the needs of at-risk consumers and end-users in low- and middle-income countries and in underserved regions to improve their quality of life. Interventions are defined as the provision of products or services by us or our noncommercial partners such as nongovernmental organizations. Our partners must meet admission criteria defined by Bayer to be considered for the 100 million challenge. For example, partners must follow the same KPI definitions and have conducted a due diligence process with regard to the quality of reporting. All partners undertake to grant Bayer full access to their data history, calculation rules and control processes. In establishing, tracking and identifying insights or improvement potential connected with the 100 million targets, we work either directly with consumers and/or end-users, or with experienced representatives and experts such as the members of the Bayer Sustainability Council. For more details on the inclusion of stakeholders, please see the section "Interests and views of stakeholders [SBM-2]" in Chapter A 4.1 General Information on the Sustainability Statement.

Supporting 100 million smallholder farmers in low- and middle-income countries (LMICs)
As one of the global leaders in agriculture, and in accordance with our sustainability strategy, we want to support a total of 100 million smallholder farmers in LMICs by 2030 by improving their access to agricultural products and services, including in collaboration with our partners. To achieve this, we are increasing our range of business activities and strategic initiatives tailored to the needs of smallholder farmers. We reached the number of smallholder farmers stated below:

// Base year 2019: 42 million
// Status 2020: 45 million
// Status 2021: 49 million
// Status 2022: 52 million
// Status 2023: 53 million
// Status 2024: 52 million

As this metric is defined specifically for Bayer's Crop Science business, we cannot rely on standardized measurement methods. We have developed our own methodology based on available and reliable data and conservative assumptions. Two channels contribute to the objective of supporting 100 million smallholder farmers: a commercial channel that provides smallholder farmers with Bayer products via local distribution channels in a country; and a partnership channel (noncommercial) in which we support smallholder farmers together with partners, such as through the offer of digital information and financing solutions. The number of smallholder farmers in the commercial channel is determined by calculating the total number of supported farmers per country and crop based on sales and market data. Farmers who use several of our crop protection or seed products are only counted once. The number of smallholder farmers reached out of the total number of farmers supported is determined based on the respective share of smallholder farmers in the market.

For each partnership, the coverage of the smallholder farmers is determined based on the information provided by the partner and an overlap factor, as the coverage of the partnership is corrected for possible overlaps with Bayer's commercial channels. The total number of smallholder farmers supported is calculated by adding the number of smallholder farmers reached through commercial products and noncommercial partnerships.

Together with our partners, and in accordance with the original target, we supported 52 million smallholder farmers in LMICs with our products and services in 2024. In a challenging market environment, the slight decline compared to 2023 is characterized by increased competitive pressure in the crop protection business. By concluding a new partnership through 2030, we have made further progress toward achieving our target. The target is monitored and verified according to the methodology described above.

Enable 100 million women to gain access to modern contraception
In accordance with our strategy to improve access to healthcare, we aim to fulfill the need of 100 million women in low- and middle-income countries (LMICs) for modern contraception by 2030. To address the challenges associated with facilitating access to contraceptives over the next decade and reach our target of enabling 100 million women to access modern contraceptives, we continuously strive to increase our production capacities and expand our partnerships. We reached the number of women stated below:

// Base year 2019: 38 million
// Status 2020: 40 million
// Status 2021: 41 million
// Status 2022: 44 million
// Status 2023: 46 million
// Status 2024: 51 million

For this KPI, we use measurement methods based on the models of USAID, an independent agency of the US government that is primarily responsible for the administration of civilian development aid. We have defined a methodology based on available and reliable data and conservative assumptions. Bayer's measures to cover women's need for modern contraceptives can be divided into two channels: (1) Supply of the market with Bayer contraceptives. Access to the products is ensured partly by way of the distribution activities of company headquarters e.g. through national governmental tenders or multinational supply agreements, and partly through the distribution activities of Bayer's respective country organizations. (2) A partnership channel based on the number of women in LMICs who use

modern contraceptives due to family planning campaigns supported by Bayer through partnerships. The products used in this context are not limited to Bayer products, but usually cover a broad spectrum of manufacturers. For the calculation, the volumes of contraceptives sold are extracted for both channels and classified as short-acting or long-acting methods. The short-acting methods offered by Bayer include oral contraceptives and injections, while the long-acting methods comprise intrauterine devices and implants. The sales are multiplied by the number of product units contained in a pack to obtain the sales volumes in units per product category and country. An LMIC filter is then applied to the sales data to determine sales in LMICs.

In the first step, the partner provides data on its coverage. It is then analyzed in a second step whether normalizations are required such as an adjustment to reduce overlaps between the channels. To determine the conclusive number of women in LMICs who cover their demand for modern contraception thanks to the measures supported by Bayer, the coverage from product supply and the coverage from the partnership are added together. The risk of overlaps between commercial and partnership KPIs is mitigated in the calculation, as individuals benefiting from both approaches are only counted once.

We currently provide access to contraceptives to 51 million women in LMICs. More than a third of these women are reached through commercial distribution channels – particularly in higher middle-income markets. The rest – mainly women in low- and lower-middle-income countries – receive access through the international development network, such as through UNFPA or participating national family planning programs. Shipments provided through such programs are usually free of charge for the women. The target is monitored and verified as described in the aforementioned method. The target is monitored and verified according to the methodology described above. We thus reached five million more women in 2024 than in the previous year, representing an increase of 11% and the greatest gain since the target was established in 2019. Nevertheless, we still reach four million fewer women than would have been needed to fully attain our target for the year, and will therefore further intensify our efforts.

Supporting 100 million people in underserved communities with self-care

In accordance with our strategy for improving access to healthcare, we want to support 100 million people in economically or medically underserved communities with self-care interventions from Bayer in 2030. To achieve our sustainability target, we are, for example, adapting our brands, products and solutions to meet the medical, pricing, packaging and distribution needs of people in underserved communities. We have expanded our affordable portfolio across regions and increased its availability in channels where lower-income consumers shop. We reached the number of people stated below:

// Base year 2019: 41 million
// Status 2020: 43 million
// Status 2021: 46 million
// Status 2022: 49 million
// Status 2023: 51 million
// Status 2024: 53 million

Bayer's measures to improve access to self-care can be divided into two channels: (1) Commercial channels that supply people in underserved communities with self-care products or services from Bayer. (2) Partnerships in which we support people in underserved regions together with noncommercial partners.

In the commercial channel, the calculation processes are divided into three steps to determine the number of people in underserved regions whose access to self-care is supported by Bayer. In the first step, the sales volumes of brands and pack sizes suitable for underserved regions are quantified. Overlap effects resulting from multiple purchases by the same consumer are then taken into account. The final step extrapolates the share of underserved people in the total population of the respective countries, which is multiplied by the number of individual consumers reached in the countries as determined in the second step. In the first step, the partner provides data on its coverage. In the next step, it is analyzed whether normalizations are required due, for example, to divergent reporting periods between Bayer and partners. To determine the number of people in underserved communities whose access to self-care is supported by Bayer, the number of people reached via the commercial channel is added to the number of people reached through the partnership channel. The risk of overlaps between commercial and partnership KPIs is reduced in the calculation by only counting individuals benefiting from both approaches once.

As regards access to medical self-care, we made further progress in 2024 in accordance with our original target. The target is monitored and verified according to the methodology described above.

4.4 Governance

We report on governance aspects to ensure the transparency and integrity of our corporate governance. By disclosing our governance structures and practices, we aim to strengthen the trust of our stakeholders, promote responsible decisions in our company and ensure compliance with our ethical standards.

4.4.1 Business Conduct

We understand the considerable responsibility inherent in our role as a globally leading healthcare and agriculture company. Our pursuit of responsible business conduct is deeply anchored in our corporate culture and serves as the basis for our long-term success and the trust stakeholders place in our business conduct.

Management of impacts, risks and opportunities in the area of business conduct

Within the scope of our double materiality assessment, we have identified material impacts, risks and opportunities and manage these through our strategies, processes and actions. We report extensively on our corporate governance structures, the recommendations of the German Corporate Governance Code and the composition and procedures of the Board of Management and the Supervisory Board.

Our material impacts lie in our ethical standards, which can also have positive market effects. Our Code of Conduct defines the fundamentals of our ethical standards, and our management includes training measures on compliance issues (including corruption prevention) and a Speak Up Channel. As a global company, we can also positively impact the business practices of suppliers in countries with lower standards. Furthermore, through active participation in public debates, we promote science- and fact-based decision-making in politics and society.

At the same time, we are exposed to potential risks such as unethical competition, antitrust violations, corruption and data protection infringements. Any failure to comprehensively integrate the principles of business ethics could lead to reputation damage, reduced financial opportunities and the loss of customers. The findings of our risk assessment are taken into account in our governance strategies and help us to make sustainable and responsible business decisions.

Corporate culture and business conduct policies [G1-1]

We have various business conduct policies, thereby taking account of corresponding impacts and risks.

Integrity and compliance through our business conduct policies and company culture

Trust serves as the foundation for our business activities and is crucial to our success. It requires a daily commitment to building compliance and ensuring compliance with laws, regulations and ethical principles. Integrity is central to our company culture and guides our actions. We do not tolerate illegal or unethical actions. We investigate and thoroughly clarify any potential violations. Confirmed violations are sanctioned according to our provisions on penalties. Our Code of Conduct ensures that we act in accordance with all relevant legal requirements. It serves as a guideline designed to keep employees and the company on the right path in full compliance with all relevant laws.

Our employees should be aware of the most significant risks in their business activity and proactively identify and address them in order to protect Bayer. We have established an effective risk and compliance management system to promote and strengthen compliant conduct and a positive risk culture. Training measures on the elements of this system are compulsory and must be completed by our employees in a timely manner. The elements of this system promote a positive compliance culture throughout our organization and help to ensure integrity in each employee's daily business activity. We use regulations, procedures, training courses and controls to integrate preventive measures into daily business activities. Our compliance approach is supported by a global compliance organization headed up by our General Counsel in their role as the Group Compliance Officer. In this function, the Group Compliance Officer reports directly to the Chief Financial Officer (CFO) and the Supervisory Board's Audit Committee. The CFO is responsible for the compliance organization, while the Audit Committee of the Supervisory Board oversees the effectiveness and further development of compliance within the Group.

We are always mindful of the individual right to privacy, which is a fundamental human right guaranteed and protected by data protection laws. We also endeavor to create a work environment in which discrimination, harassment and unjustified punitive actions are not tolerated. We treat one another with fairness and respect, and act in Bayer's best interests.

We cultivate a culture of openness and transparency in our company. We encourage employees and third parties to raise their concerns with regard to compliance and therefore promote an environment in which everyone feels sufficiently comfortable to speak up. When questions are posed and concerns raised, this helps us to maintain a strong compliance culture. We also provide information, sufficient resources and guidance to prevent violations of the law or company rules.

Employees can use our global Speak Up Channel in numerous languages. This is a secure channel that gives everyone (including the public) the opportunity to report alleged compliance violations confidentially (and anonymously, wherever permitted by local law). Via the email address Speak.Up@Bayer.com, employees and outside parties can directly contact our compliance department. If employees believe an activity or behavior could represent a material compliance violation, they have an obligation to report this.

Depending on the severity of the compliance violation, it can have disciplinary, civil or criminal consequences for those responsible. Proven misconduct can also have an effect on compensation. Failure to report, properly investigate and rectify a suspected material compliance violation can also have serious ramifications, including labor law consequences, criminal sanctions for the company and liability for individual employees, as well as fines and reputational damage.

We support all employees in acting with integrity and proactively avoiding potential violations by implementing Bayer-wide training measures and communication campaigns that are tailored to target groups and based on identified needs. Our Code of Conduct forms the basis for our compliance communication and training activities. Both supervisors and compliance managers are available to answer employees' questions about lawful behavior.

Training measures on anti-corruption, the importance of openly expressing concerns (Speak Up), antitrust law, conflicts of interest, fairness and respect at work, foreign trade law compliance, and data privacy are also elements of our compliance management system.

Each year, a compulsory training course on compliance is published for all Bayer employees. In 2024, we introduced a web-based training course on the new Code of Conduct in 92 countries. The course is available in 15 languages.

Our annual, company-wide Speak Up campaign to foster an open reporting culture communicates the various options for reporting compliance violations. This is designed to create an environment in which compliance violations can be addressed without reservations.

Within our general anti-corruption training course, we offer further-reaching learning paths with additional information for high-risk functions and departments that are most affected by corruption and bribery issues due to their fields of activity. These learning paths are specially geared toward employees who have contact with healthcare professionals and public officials. High-risk functions generally include procurement, distribution and marketing, as well as our departments that participate in tender processes.

Management of relationships with suppliers [G1-2]

The procurement organization supplies our company with raw materials, goods and services all around the world. It acts on behalf of all business areas and enabling functions by leveraging synergies through the pooling of expertise and procurement spending. The head of Procurement reports directly to the Chief Financial Officer.

We have an impact on society and the environment through our procurement activities and supplier relationships. Economic, ethical, social and environmental principles are therefore anchored in the Bayer Supplier Code of Conduct and the Sustainability for Procurement guidance document that is globally binding for all procurement employees worldwide.

We want to promote sustainable partnerships with our suppliers that are based on compliance, sustainability, fairness and integrity in each purchasing decision. Our procurement employees make well-founded make-or-buy decisions, taking into account fairness, cost efficiency, supply security, legal compliance, sustainability, quality, and antitrust regulations. We also give external business partners clear orientation aids such as our Bayer Supplier Code of Conduct guidance document or supplier training measures and set expectations regarding mutually beneficial collaborations.

Furthermore, we operate according to established processes in procurement and supplier management. As the market and supply chain management are very dynamic and constantly evolving, long-term contracts and active supplier management for strategically important goods and services are essential elements here. They serve to minimize procurement-specific risks such as supply bottlenecks or significant price fluctuations, safeguard the company’s competitiveness and ensure smooth production processes.

We articulate our sustainability requirements and insist on their inclusion in contracts with our suppliers through a contractual clause. This is supplemented by supplier evaluations with regard to their sustainability performance and by development activities to improve sustainability practices in the supply chain. The contractual clause on sustainability has two key underlying points:

// The supplier agrees to accept our Supplier Code of Conduct and organize its business in accordance with the described principles.
// We reserve the right to evaluate or review compliance by the supplier with our Supplier Code of Conduct. This marks the beginning of our evaluation process based on the Supplier Code of Conduct, respect for human rights and the greenhouse gas emissions emitted by the suppliers.

The Supplier Code of Conduct establishes important social, environmental and ethical standards that we expect our suppliers and subcontractors to comply with. It is therefore made available to our suppliers in several languages to strengthen our mutual understanding of how these principles should be implemented in daily business (including promoting efforts to improve human health and protect the environment). In addition, our comprehensive Bayer Supplier Code of Conduct guidance document aims to provide specific examples for proven practices and benchmarks that suppliers can use, as well as references such as the regulatory framework and standards for our sustainability efforts.

Among other aspects, the Bayer Supplier Code of Conduct guidance document offers suppliers:

// Important information on how they can improve their ethical, social, environmental and other general organizational and economic endeavors
// Support in preparing a performance evaluation or new assessment
// References to generally acknowledged standards and regulatory frameworks

When selecting suppliers, we take into account all types of suppliers. We work continuously to strategically advance sustainability issues in procurement, particularly as regards environmental and human rights questions. Sustainability-oriented criteria and standards apply to our supply chain at both the global and regional levels.

We have established a four-step management process throughout the Group so that we can evaluate sustainability practices in the supply chain and improve them over the long term. This risk-based approach helps us to assess sustainability-related risks and monitor them in our supply chain. Through the sustainability assessments we can identify sustainability-related risks among selected suppliers and focus on any need for improvement. This process is centrally steered by the sustainability team in the Procurement function.

// Step 1: Awareness among suppliers about sustainability: the Supplier Code of Conduct establishes principles on ethics, people and work, health, safety and environmental protection, quality and governance, as well as on the established management systems. It is made available to our suppliers. We expect our suppliers also to apply these principles in the downstream stages of their supply chain.
// Step 2: Nominating suppliers to be evaluated: suppliers are selected for sustainability assessments based on a combination of country and sustainability risk categories, as well as their strategic importance for us.
// Step 3: Assessment of suppliers' sustainability performance: suppliers selected for assessment are evaluated either on site through an audit conducted by external auditors or using an online assessment by EcoVadis (an external provider of sustainability evaluations).
// Step 4: (Further) development of suppliers: the audit and assessment results are internally analyzed and documented. If deficiencies are found when assessing suppliers, we develop corrective measures together with the respective suppliers to improve their future sustainability evaluations.

In addition to our Supplier Code of Conduct, our strategy for managing relations with regard to our suppliers includes our Sustainability for Procurement guidance document. It offers internal stakeholders general instructions for integrating sustainability aspects into procurement activities. The document also contains the description of the four-step management process.

To effectively address the manifold challenges of a sustainable supply chain and to leverage synergies, we are a member of various industry initiatives – most importantly the PSCI and TfS, a chemical industry initiative of which we are a co-founder. Both initiatives are focused not just on conducting supplier audits or sustainability assessments, but also on building supplier expertise through measures such as training courses and events. The objective here is to help suppliers act in accordance with industry expectations with regard to sustainability, which is commensurate with our supplier development goals. Many of the training courses offered are available not only in English, but also in other languages such as German, Spanish, Portuguese and Chinese.

Supplier management with regard to sustainability is embedded into the entire supplier life cycle. It aims to establish an overarching approach to our supplier relations through appropriate management until the end of the relationship.

Prevention and detection of corruption and bribery [G1-3]

We do not tolerate corruption and we reject any business opportunity that involves bribery or the unlawful exertion of influence on third parties. We offer gifts or extend invitations only within ethical and legal limits. We comply with the highest ethical standards, especially when it comes to gifts or invitations for healthcare professionals or public officials, as this is completely prohibited in some cases. These standards include our Code of Conduct, which sets the standard for how our employees should conduct themselves in compliance with laws and internal rules as well as, for example, the codes of the International Federation of Pharmaceutical Manufacturers & Associations (IFPMA) and the European Federation of Pharmaceutical Industries and Associations (EFPIA). Even when the payment of a contribution is permitted, public reporting or disclosure may be necessary. We also strive to comply with all applicable laws to prevent money laundering.

Our Code of Conduct contains binding stipulations on the issue of anti-corruption. This is supplemented by policies valid throughout the Group that refer to numerous additional information documents on fighting corruption. These include a policy from the legal and compliance organization with references to provisions on how to deal with gifts, as well as on event management, charitable giving by the company and divisional giving by the divisions, and third-party audits. The Code of Conduct and our policies are enacted using a special process. This so-called enactment involves the formal and legal recognition of the Code of Conduct or the policies by the management of the relevant Bayer company. This makes a policy subject to the legal provisions of the company that must be complied with. The enactment is continuously monitored to ensure that the rules are fully implemented. We monitor compliance with the binding anti-corruption requirements using our Integrated Compliance Management system, which involves random audits or inquiries and other actions.

The Speak-Up Office, which is part of the global legal and compliance organization, decides, following a plausibility check, on the appropriate referral of compliance audit cases and ensures that the audit is undertaken by independent experts. Depending on the circumstances of the case, multifunctional investigation teams from different units (e.g. Legal, Internal Audit, Human Resources) are entrusted with processing the cases. These investigation teams operate largely independently.

In the event of compliance violations that are of significant regulatory and/or financial importance due to their nature and impact or pertain to a member of the global leadership team, a Compliance Committee that meets on an ad hoc basis decides on possible sanctions. Decisions on sanctions require a majority vote. Our General Counsel has a right of veto when a decision is made. If this right is exercised, the matter is directed to the Board of Management for a final decision.

Every newly hired employee must complete a 30-minute anti-corruption training session that covers the most important risks as well as case studies and test questions to deepen their understanding of this issue. Our employees, including those in high-risk functions, were also most recently assigned a compulsory web-based training course in anti-corruption compliance in 2023. This updated training comprised contents pertaining to special risks such as in interaction with healthcare professionals or government officials.

Metrics and targets related to business conduct

In 2024, we showed a strong commitment to ethical standards, with clear structures established for the exertion of political influence and for lobbying.

Confirmed incidents of corruption or bribery [G1-4]

We were not convicted of any violations of corruption or bribery law in 2024 (2023: 0). Furthermore, no fines were imposed on us for violations of corruption or bribery law (2023: €0).

Political influence and lobbying activities [G1-5]

We have established clear accountabilities for governing the exertion of political influence and lobbying. In this connection, the head of Global Public Relations reports to the global head of Public Affairs, Sustainability & Safety, who reports directly to our Chairman of the Board of Management (CEO). Both regularly inform the Board of Management and the Supervisory Board – either individually or jointly, depending on the issue – about material developments of relevance for us in the area of public relations.

We strive to continuously increase transparency not just in our political lobbying work, but also as regards the focus areas of our efforts. For this purpose, we publish our political positions on the most pressing issues associated with our activities, where we have also listed our most important political lobbying focuses. These focuses are in line with the findings of our double materiality assessment and the resulting ambitions to reduce negative material impacts and risks and to leverage positive material impacts and opportunities. Central elements of our political activities and our public relations function comprise, for example, sustainability issues in connection with consumers and end-users, as well as affected communities.

The most important focuses of our political lobbying in 2024 were:

// Ensuring science-based regulatory framework conditions (e.g. in crop protection in our core markets)
// Implementing innovation- and investment-friendly framework conditions (e.g. for new genomic techniques [NGTs] in the EU, tax reform and transfer prices in Brazil)
// Defending strong patent protection for our innovative products
// Ratifying free trade agreements (e.g. EU-Mercosur)
// Avoiding trade barriers and foreign investment restrictions (e.g. export bans or the rejection of nondomestic regulatory data)
// Addressing the global food security crisis (e.g. in the context of Russia's war against Ukraine)
// Fair and innovation-friendly drug prices
// Seeking broad political and regulatory support in the area of cell and gene therapies

Further information on our political focuses is contained in our publicly available report on the transparency of our political lobbying.

As described in our Bayer Code of Conduct for Responsible Lobbying, we as a company do not donate to political parties, politicians or candidates for political office (2023: €0). According to US law, however, local company employees can support individual candidates for political office by making private donations through political action committees, or PACs, at the federal level. These voluntary donations are made only by employees, not the company. PACs are separate, segregated funds governed by employees and further regulated by the US Federal Election Commission (FEC) and some state governments. Decisions on how these contributions are allocated are made by an independent committee composed of employees. At BAYERPAC, the name of our corresponding committee, criteria are applied that reflect societal challenges, among other factors. For example, the candidates' positions on issues such as climate change or protection of biodiversity play a key role. BAYERPAC supports candidates from both parties. These donations are subject to strict conditions and compulsory transparency measures. The BAYERPAC contributions are regularly reported to the FEC. BAYERPAC does not support presidential candidates. Our employees donated around €278,000 to political candidates at all levels through BAYERPAC in 2024 (2023: around €260,000). In other countries, industry associations of which we are a member (such as the German Chemical Industry Association) sometimes make donations independently in observation of the respective statutory regulations, particularly laws concerning political parties.

With regard to the EU and its member states, we are entered in the following transparency registers:

// EU Transparency Register, identification number 3523776801-85
// Lobbying Register of the German Bundestag, identification number R002249
// Transparency Register of the Federal Republic of Germany
- Bayer Vital GmbH, identification number R002256
- Bayer CropScience Deutschland GmbH, identification number R002257

In 2024, we did not appoint members to our administrative, management and supervisory bodies who had held a similar position in public administration (including regulatory authorities) in the previous two years.

4.5 ESRS Index

The following overview shows all disclosure requirements of the European Sustainability Reporting Standards (ESRS) that we took into account when preparing our sustainability statement.

Disclosure Requirements in ESRS Covered by the Undertaking's Sustainability Statement [IRO-2]

General Disclosures [ESRS 2]	Section
General basis for preparation of sustainability statements [BP-1]	4.1 General Information on the Sustainability Statement – General basis for preparation of sustainability statement [BP-1]
Disclosures in relation to specific circumstances [BP-2]	4.1 General Information on the Sustainability Statement – Disclosures in relation to specific circumstances [BP-2]
The role of the administrative, management and supervisory bodies [GOV-1]	4.1 General Information on the Sustainability Statement – The role of the administrative, management and supervisory bodies [GOV-1]
Disclosure Requirement GOV-1 – The role of the administrative, management and supervisory bodies [G1.GOV-1]	4.1 General Information on the Sustainability Statement – Role of administrative, management and supervisory bodies in business conduct [G1.GOV-1]
Information provided to and sustainability matters addressed by the undertaking's administrative, management and supervisory bodies [GOV-2]	4.1 General Information on the Sustainability Statement – Information provided to and sustainability matters addressed by the undertaking's administrative, management and supervisory bodies [GOV-2]
Integration of sustainability-related performance in incentive schemes [GOV-3]	4.1 General Information on the Sustainability Statement – Integration of sustainability-related performance in incentive schemes [GOV-3]
Disclosure Requirement GOV-3 - Integration of sustainability-related performance in incentive schemes [E1.GOV-3]	4.1 General Information on the Sustainability Statement – Integration of climate-related performance in incentive schemes in the form of reduction targets [E1.GOV-3]
Statement on due diligence [GOV-4]	4.1 General Information on the Sustainability Statement – Statement on due diligence [GOV-4]
Risk management and internal controls over sustainability reporting [GOV-5]	4.1 General Information on the Sustainability Statement – Risk management and internal controls over sustainability reporting [GOV-5]
Strategy, business model and value chain [SBM-1]	4.1 General Information on the Sustainability Statement – Strategy, business model and value chain [SBM-1]
Interests and views of stakeholders [SBM-2]	4.1 General Information on the Sustainability Statement – Interests and views of stakeholders [SBM-2]
Disclosure Requirement SBM-2 – Interests and views of stakeholders [S1.SBM-2]	4.1 General Information on the Sustainability Statement – Interests and views of stakeholders as regards own workforce [S1.SBM-2]
Disclosure Requirement SBM-2 – Interests and views of stakeholders [S2.SBM-2]	4.1 General Information on the Sustainability Statement – Interests and views of stakeholders related to workers in the value chain [S2.SBM-2]
Disclosure Requirement SBM-2 – Interests and views of stakeholders [S3.SBM-2]	4.1 General Information on the Sustainability Statement – Interests and views of stakeholders related to affected communities [S3.SBM-2]
Disclosure Requirement SBM-2 – Interests and views of stakeholders [S4.SBM-2]	4.1 General Information on the Sustainability Statement – Interests and views of stakeholders related to consumers and end-users [S4.SBM-2]
Material impacts, risks and opportunities and their interaction with strategy and business model [SBM-3]	4.1 General Information on the Sustainability Statement – Material impacts, risks and opportunities and their interaction with strategy and business model [SBM-3]
Description of the processes to identify and assess material impacts, risks and opportunities [IRO-1]	4.1 General Information on the Sustainability Statement – Description of the processes to identify and assess material impacts, risks and opportunities [IRO-1]
Disclosure Requirement related to ESRS 2 IRO-1 – Description of the processes to identify and assess material climate-related impacts, risks and opportunities [E1.IRO-1]	4.1 General Information on the Sustainability Statement – Description of the processes to identify and assess material climate-related impacts, risks and opportunities [E1.IRO-1]

Disclosure Requirements in ESRS Covered by the Undertaking's Sustainability Statement [IRO-2]

General Disclosures [ESRS 2]	Section
Disclosure Requirement related to ESRS 2 IRO-1 – Description of the processes to identify and assess material pollution-related impacts, risks and opportunities [E2.IRO-1]	4.1 General Information on the Sustainability Statement – Description of the processes to identify and assess material pollution-related impacts, risks and opportunities [E2.IRO-1]
Disclosure Requirement related to ESRS 2 IRO-1 – Description of the processes to identify and assess material water and marine resources-related impacts, risks and opportunities [E3.IRO-1]	4.1 General Information on the Sustainability Statement – Description of the processes to identify and assess material water and marine resources-related impacts, risks and opportunities [E3.IRO-1]
Disclosure Requirement related to ESRS 2 IRO-1 Description of processes to identify and assess material biodiversity and ecosystem-related impacts, risks and opportunities [E4.IRO-1]	4.1 General Information on the Sustainability Statement – Description of processes to identify and assess material biodiversity and ecosystem-related impacts, risks and opportunities [E4.IRO-1]
Disclosure Requirement related to ESRS 2 IRO-1 Description of processes to identify and assess resource use and circular economy-related impacts, risks and opportunities [E5.IRO-1]	4.1 General Information on the Sustainability Statement – Description of the processes to identify and assess material impacts, risks and opportunities related to circular economy [E5.IRO-1]
Disclosure Requirement IRO-1 - Description of the processes to identify and assess material impacts, risks and opportunities [G1.IRO-1]	4.1 General Information on the Sustainability Statement – Description of the processes to identify and assess material impacts, risks and opportunities related to business conduct [G1.IRO-1]
Disclosure requirements in ESRS covered by the undertaking's sustainability statement [IRO-2]	4.1 General Information on the Sustainability Statement – Disclosure requirements in ESRS covered by the undertaking's sustainability statement [IRO-2]
Minimum disclosure requirement - Policies MDR-P – Policies adopted to manage material sustainability matters [MDR-P]	4.1 General Information on the Sustainability Statement – Holistic policies for managing material sustainability matters [MDR-P] as well as in topical chapters
Minimum disclosure requirement - Actions MDR-A – Actions and resources in relation to material sustainability matters [MDR-A]	In individual topical chapters
Minimum disclosure requirement – Metrics MDR-M – Metrics in relation to material sustainability matters [MDR-M]	In individual topical chapters
Minimum disclosure requirement – Targets MDR-T – Tracking effectiveness of policies and actions through targets [MDR-T]	In individual topical chapters
Climate change [ESRS E1]	
Transition plan for climate change mitigation [E1-1]	4.2.2 Climate Change – Our Transition and Transformation Plan for climate protection [E1-1]
Disclosure Requirement SBM-3 - Material impacts, risks and opportunities and their interaction with strategy and business model [E1.SBM-3]	4.2.2 Climate Change – Material impacts, risks and opportunities and their interaction with strategy and business model [E1.SBM-3]
Policies related to climate change mitigation and adaptation [E1-2]	4.2.2 Climate Change – Policies related to the reduction of greenhouse gas emissions [E1-2] as well as Policies in relation to the adaptation of our business models [E1-2]
Actions and resources in relation to climate change policies [E1-3]	4.2.2 Climate Change – Actions in relation to reducing greenhouse gas emissions for Scope 1 and Scope 2 through 2029 [E1-3] as well as Actions in relation to reducing greenhouse gas emissions for Scope 3 through 2029 [E1-3] as well as Actions in relation to reducing greenhouse gas emissions for Scope 1, 2 and 3 through 2050 [E1-3] as well as Actions in relation to the reduction of greenhouse gas emissions in agriculture [E1-3] as well as Actions in relation to the adaptation of our business models [E1-3]
Targets related to climate change mitigation and adaptation [E1-4]	4.2.2 Climate Change – Targets related to climate change mitigation and adaptation [E1-4]
Energy consumption and mix [E1-5]	4.2.2 Climate Change – Energy consumption and mix [E1-5]
Gross Scopes 1, 2, 3 and Total GHG emissions [E1-6]	4.2.2 Climate Change – Greenhouse gas emissions of Scope 1, 2 and 3 and total greenhouse gas emissions [E1-6]
GHG removals and GHG mitigation projects financed through carbon credits [E1-7]	4.2.2 Climate Change – GHG removals and GHG mitigation projects financed through carbon credits [E1-7]
Internal carbon pricing [E1-8]	4.2.2 Climate Change – Internal carbon pricing [E1-8]

Disclosure Requirements in ESRS Covered by the Undertaking's Sustainability Statement [IRO-2]

General Disclosures [ESRS 2]	Section
Pollution [ESRS E2]	
Policies related to pollution [E2-1]	4.2.3 Pollution – Policies related to pollution due to incidents [E2-1] as well as Policies related to pollution due to the procurement and handling of substances of (very high) concern according to ESRS [E2-1]
Actions and resources related to pollution [E2-2]	4.2.3 Pollution – Actions related to pollution due to incidents [E2-2] as well as Actions related to pollution due to the procurement and handling of substances of (very high) concern according to ESRS [E2-2]
Targets related to pollution [E2-3]	4.2.3 Pollution – Targets related to pollution [E2-3]
Entity-Specific Information regarding Pollution	4.2.3 Pollution – Pollution of air, water and soil due to environmental incidents resulting from emissions according to Regulation [EC] No. 166/2006 and of so-called substances of concern and very high concern according to ESRS [entity-specific disclosures]
Substances of concern and substances of very high concern [E2-5]	4.2.3 Pollution – Substances of concern and of very high concern according to ESRS [E2-5]
Water and marine resources [ESRS E3]	
Policies related to water and marine resources [E3-1]	4.2.4 Water and Marine Resources – Policies related to water scarcity resulting from water consumption [E3-1]
Actions and resources related to water and marine resources [E3-2]	4.2.4 Water and Marine Resources – Actions related to water scarcity resulting from water consumption [E3-2] as well as Actions related to water availability through product and service innovations [E3-2]
Targets related to water and marine resources [E3-3]	4.2.4 Water and Marine Resources – Target for the efficient use of water in the value chain [E3-3]
Water consumption [E3-4]	4.2.4 Water and Marine Resources – Water consumption [E3-4]
Biodiversity and ecosystems [ESRS E4]	
Transition plan and consideration of biodiversity and ecosystems in strategy and business model [E4-1]	4.2.5 Biodiversity and Ecosystems – Transition plan and consideration of biodiversity and ecosystems in strategy and business model [E4-1]
Material impacts, risks and opportunities and their interaction with strategy and business model [SBM-3]	4.2.5 Biodiversity and Ecosystems – Material impacts, risks and opportunities and their interaction with strategy and business model [SBM-3]
Policies related to biodiversity and ecosystems [E4-2]	4.2.5 Biodiversity and Ecosystems – Policies to reduce soil degradation and the decline in biodiversity on land used for agriculture [E4-2] as well as Policies related to reputational risks [E4-2]
Actions and resources related to biodiversity and ecosystems [E4-3]	4.2.5 Biodiversity and Ecosystems – Actions for reducing soil degradation and the decline in biodiversity on land used for agriculture [E4-3] as well as Actions related to reputational risks [E4-3]
Targets related to biodiversity and ecosystems [E4-4]	4.2.5 Biodiversity and Ecosystems – Targets related to biodiversity and ecosystems [E4-4]
Impact metrics related to biodiversity and ecosystems change [E4-5]	4.2.5 Biodiversity and Ecosystems – Impact metrics related to biodiversity and ecosystems change: Reducing the environmental impact of our crop protection products [E4-5]
Resource use and circular economy [ESRS E5]	
Policies related to resource use and circular economy [E5-1]	4.2.6 Circular Economy – Policies related to waste [E5-1] as well as Policies related to the recycling and reuse of materials [E5-1]
Actions and resources related to resource use and circular economy [E5-2]	4.2.6 Circular Economy – Actions related to waste [E5-2]
Targets related to resource use and circular economy [E5-3]	4.2.6 Circular Economy – Targets related to circular economy [E5-3]
Resource outflows [E5-5]	4.2.6 Circular Economy – Resource outflows [E5-5]

Disclosure Requirements in ESRS Covered by the Undertaking's Sustainability Statement [IRO-2]

General Disclosures [ESRS 2]	Section
Own workforce [ESRS S1]	
Disclosure Requirement related to ESRS 2 SBM-3 – Material impacts, risks and opportunities and their interaction with strategy and business model [S1.SBM-3]	4.3.1 Own Workforce – Material impacts, risks and opportunities and their interaction with strategy and business model [S1.SBM-3]
Policies related to own workforce [S1-1]	4.3.1 Own Workforce – Our principles regarding our own workforce [S1-1] as well as Policies related to fairness and respect at work [S1-1] as well as Policies related to training and development [S1-1] as well as Policies related to adequate wages [S1-1] as well as Policies related to preventive health [S1-1] as well as Policies related to work-life balance [S1-1] as well as Policies related to pensions [S1-1] as well as Policies related to health & safety [S1-1]
Processes to remediate negative impacts and channels for own workforce to raise concerns [S1-3]	4.3.1 Own Workforce – Processes to remediate negative impacts and channels for own workers to raise concerns [S1-3]
Processes for engaging with own workforce and workers' representatives about impacts [S1-2]	4.3.1 Own Workforce – Processes for engaging with the company's own workers and workers' representatives about impacts related to the freedom of association, existence of works councils and the employees' rights to information, consultation and codetermination as well as social dialogue [S1-2]
Taking action on material impacts on own workforce, and approaches to managing material risks and pursuing material opportunities related to own workforce, and effectiveness of those actions [S1-4]	4.3.1 Own Workforce – Actions related to fairness and respect at work [S1-4] as well as Actions related to training and development [S1-4] as well as Actions related to adequate wages [S1-4] as well as Actions related to preventive health [S1-4] as well as Actions related to health & safety [S1-4]
Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities [S1-5]	4.3.1 Own Workforce – Targets related to workforce: global gender balance commitments [S1-5]
Characteristics of the undertaking's employees [S1-6]	4.3.1 Own Workforce – Characteristics of the undertaking's employees [S1-6]
Collective bargaining coverage and social dialogue [S1-8]	4.3.1 Own Workforce – Collective bargaining coverage and social dialogue [S1-8]
Diversity metrics [S1-9]	4.3.1 Own Workforce – Diversity metrics [S1-9]
Adequate wages [S1-10]	4.3.1 Own Workforce – Adequate wages [S1-10]
Health and safety metrics [S1-14]	4.3.1 Own Workforce – Health and safety metrics [S1-14]
Remuneration metrics (pay gap and total remuneration) [S1-16]	4.3.1 Own Workforce – Compensation metrics [S1-16]
Incidents, complaints and severe human rights impacts [S1-17]	4.3.1 Own Workforce – Incidents, complaints and severe human rights impacts [S1-17]
Workers in the value chain [ESRS S2]	
Disclosure Requirement related to ESRS 2 SBM-3 Material impacts, risks and opportunities and their interaction with strategy and business model [S2.SBM-3]	4.3.2 Workers in the Value Chain – Material impacts, risks and opportunities and their interaction with strategy and business model related to workers in the value chain [S2.SBM-3]
Policies related to value chain workers [S2-1]	4.3.2 Workers in the Value Chain – Policies related to value chain workers [S2-1]
Taking action on material impacts on value chain workers, and approaches to managing material risks and pursuing material opportunities related to value chain workers, and effectiveness of those actions [S2-4]	4.3.2 Workers in the Value Chain – Prevention and mitigation through measures related to value chain workers [S2-4]
Processes for engaging with value chain workers about impacts [S2-2]	4.3.2 Workers in the Value Chain – Processes for engaging with value chain workers about impacts [S2-2]
Processes to remediate negative impacts and channels for value chain workers to raise concerns [S2-3]	4.3.2 Workers in the Value Chain – Processes to remediate negative impacts and channels for value chain workers to raise concerns [S2-3]
Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities [S2-5]	4.3.2 Workers in the Value Chain – Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities [S2-5]

Disclosure Requirements in ESRS Covered by the Undertaking's Sustainability Statement [IRO-2]

General Disclosures [ESRS 2]	Section
Affected communities [ESRS S3]	
Disclosure Requirement related to ESRS 2 SBM-3 – Material impacts, risks and opportunities and their interaction with strategy and business model [S3.SBM-3]	4.3.3 Affected Communities – Material impacts, risks and opportunities and their interaction with strategy and business model [S3.SBM-3]
Policies related to affected communities [S3-1]	4.3.3 Affected Communities – Policies related to affected communities [S3-1]
Taking action on material impacts on affected communities, and approaches to managing material risks and pursuing material opportunities related to affected communities, and effectiveness of those actions [S3-4]	4.3.3 Affected Communities – Actions related to affected communities [S3-4]
Processes for engaging with affected communities about impacts [S3-2]	4.3.3 Affected Communities – Processes for engaging with affected communities about impacts [S3-2]
Processes to remediate negative impacts and channels for affected communities to raise concerns [S3-3]	4.3.3 Affected Communities – Processes to remediate negative impacts and channels for affected communities to raise concerns [S3-3]
Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities [S3-5]	4.3.3 Affected Communities – Targets related to affected communities [S3-5]
Consumers and end-users [ESRS S4]	
Material impacts, risks and opportunities and their interaction with strategy and business model [S4.SBM-3]	4.3.4 Consumers and End-Users – Material impacts, risks and opportunities and their interaction with strategy and business model related to consumers and end-users [S4.SBM-3]
Policies related to consumers and end-users [S4-1]	4.3.4 Consumers and End-Users – Policies related to the social involvement of consumers and/or end-users [S4-1] as well as Policies related to the personal safety of consumers and/or end-users [S4-1] as well as Policies related to access to information by consumers and/or end-users [S4-1]
Taking action on material impacts on consumers and end-users, and approaches to managing material risks and pursuing material opportunities related to consumers and end-users, and effectiveness of those actions [S4-4]	4.3.4 Consumers and End-Users – Actions related to the social involvement of consumers and/or end-users [S4-4] as well as Actions related to the personal safety of consumers and/or end-users [S4-4]
Processes for engaging with consumers and end-users about impacts [S4-2]	4.3.4 Consumers and End-Users – Processes for engaging with consumers and end-users about impacts [S4-2]
Processes to remediate negative impacts and channels for consumers and end-users to raise concerns	4.3.4 Consumers and End-Users – Processes to remediate negative impacts and channels for consumers and end-users to raise concerns [S4-3]
Targets for managing material negative impacts, advancing positive impacts, and managing material risks and opportunities [S4-5]	4.3.4 Consumers and End-Users – Targets for managing material negative impacts, advancing positive impacts, and managing material risks and opportunities [S4-5]
Business conduct [ESRS G1]	
Business conduct policies and corporate culture [G1-1]	4.4.1 Business Conduct – Corporate culture and business conduct policies [G1-1]
Management of relationships with suppliers [G1-2]	4.4.1 Business Conduct – Management of relationships with suppliers [G1-2]
Prevention and detection of corruption and bribery [G1-3]	4.4.1 Business Conduct – Prevention and detection of corruption and bribery [G1-3]
Incidents of corruption or bribery [G1-4]	4.4.1 Business Conduct – Confirmed incidents of corruption or bribery [G1-4]
Political influence and lobbying activities [G1-5]	4.4.1 Business Conduct – Political influence and lobbying activities [G1-5]

4.6 Data Points From Other EU Legal Regulations

The following overview shows all data points resulting from other EU legal regulations that we took into account when preparing our sustainability statement.

A 4.6/1

List of Datapoints in Cross-Cutting and Topical Standards That Derive From Other EU Legislation

Disclosure Requirement and related datapoint	Section
ESRS 2 GOV-1 Board's gender diversity paragraph 21 (d)	4.1 General Information on the Sustainability Statement – The role of the administrative, management and supervisory bodies [GOV-1]
ESRS 2 GOV-1 Percentage of board members who are independent paragraph 21 (e)	4.1 General Information on the Sustainability Statement – The role of the administrative, management and supervisory bodies [GOV-1]
ESRS 2 GOV-4 Statement on due diligence paragraph 30	4.1 General Information on the Sustainability Statement – Statement on due diligence [GOV-4]
ESRS 2 SBM-1 Involvement in activities related to fossil fuel activities paragraph 40 (d) i	not material
ESRS 2 SBM-1 Involvement in activities related to chemical production paragraph 40 (d) ii	4.1 General Information on the Sustainability Statement – Strategy, business model and value chain [SBM-1]
ESRS 2 SBM-1 Involvement in activities related to controversial weapons paragraph 40 (d) iii	not material
ESRS 2 SBM-1 Involvement in activities related to cultivation and production of tobacco paragraph 40 (d) iv	not material
ESRS E1-1 Transition plan to reach climate neutrality by 2050 paragraph 14	4.2.2 Climate Change – Our Transition and Transformation Plan for climate protection [E1-1]
ESRS E1-1 Undertakings excluded from Paris-aligned benchmarks paragraph 16 (g)	4.2.2 Climate Change – Our Transition and Transformation Plan for climate protection [E1-1]
ESRS E1-4 GHG emission reduction targets paragraph 34	4.2.2 Climate Change – Targets related to climate change mitigation and adaptation [E1-4]
ESRS E1-5 Energy consumption from fossil sources disaggregated by sources (only high climate impact sectors) paragraph 38	4.2.2 Climate Change – Energy consumption and mix [E1-5]
ESRS E1-5 Energy consumption and mix paragraph 37	4.2.2 Climate Change – Energy consumption and mix [E1-5]
ESRS E1-5 Energy intensity associated with activities in high climate impact sectors paragraphs 40 to 43	4.2.2 Climate Change – Energy consumption and mix [E1-5]
ESRS E1-6 Gross Scope 1, 2, 3 and Total GHG emissions paragraph 44	4.2.2 Climate Change – Greenhouse gas emissions of Scope 1, 2 and 3 and total greenhouse gas emissions [E1-6]
ESRS E1-6 Gross GHG emissions intensity paragraphs 53 to 55	4.2.2 Climate Change – Greenhouse gas emissions of Scope 1, 2 and 3 and total greenhouse gas emissions [E1-6]
ESRS E1-7 GHG removals and carbon credits paragraph 56	4.2.2 Climate Change – GHG removals and GHG mitigation projects financed through carbon credits [E1-7]
ESRS E1-9 Exposure of the benchmark portfolio to climate-related physical risks paragraph 66	Phase-in disclosure
ESRS E1-9 Disaggregation of monetary amounts by acute and chronic physical risk paragraph 66 (a)	Phase-in disclosure
ESRS E1-9 Location of significant assets at material physical risk paragraph 66 (c)	Phase-in disclosure
ESRS E1-9 Breakdown of the carrying value of real estate assets by energy-efficiency classes paragraph 67 (c)	Phase-in disclosure
ESRS E1-9 Degree of exposure of the portfolio to climate-related opportunities paragraph 69	Phase-in disclosure
ESRS E2-4 Amount of each pollutant listed in Annex II of the E-PRTR Regulation (European Pollutant Release and Transfer Register) emitted to air, water and soil paragraph 28	not material
ESRS E3-1 Water and marine resources paragraph 9	4.2.4 Water and Marine Resources – Policies related to water scarcity resulting from water consumption [E3-1]
ESRS E3-1 Dedicated policy paragraph 13	4.2.4 Water and Marine Resources – Policies related to water scarcity resulting from water consumption [E3-1]
ESRS E3-1 Sustainable oceans and seas paragraph 14	not material
ESRS E3-4 Total water recycled and reused paragraph 28 (c)	4.2.4 Water and Marine Resources – Water consumption [E3-4]
ESRS E3-4 Total water consumption in m^3 per net revenue on own operations paragraph 29	4.2.4 Water and Marine Resources – Water consumption [E3-4]

List of Datapoints in Cross-Cutting and Topical Standards That Derive From Other EU Legislation

Disclosure Requirement and related datapoint	Section
ESRS 2 SBM-3 E4 paragraph 16 (a) i	not material
ESRS 2 SBM-3 E4 paragraph 16 (b)	not material
ESRS 2 SBM-3 E4 paragraph 16 (c)	not material
ESRS E4-2 Sustainable land / agriculture practices or policies paragraph 24 (b)	4.2.5 Biodiversity and Ecosystems – Policies to reduce soil degradation and the decline in biodiversity on land used for agriculture [E4-2] as well as Policies related to reputational risks [E4-2]
ESRS E4-2 Sustainable oceans / seas practices or policies paragraph 24 (c)	not material
ESRS E4-2 Policies to address deforestation paragraph 24 (d)	not material
ESRS E5-5 Nonrecycled waste paragraph 37 (d)	4.2.6 Circular Economy – Resource outflows [E5-5]
ESRS E5-5 Hazardous waste and radioactive waste paragraph 39	4.2.6 Circular Economy – Resource outflows [E5-5]
ESRS 2- SBM3 - S1 Risk of incidents of forced labor paragraph 14 (f)	4.3.1 Own Workforce – Material impacts, risks and opportunities and their interaction with strategy and business model [S1.SBM-3]
ESRS 2- SBM3 - S1 Risk of incidents of child labor paragraph 14 (g)	4.3.1 Own Workforce – Material impacts, risks and opportunities and their interaction with strategy and business model [S1.SBM-3]
ESRS S1-1 Human rights policy commitments paragraph 20	4.3.1 Own Workforce – Our principles regarding our own workforce [S1-1]
ESRS S1-1 Due diligence policies on issues addressed by the fundamental International Labor Organisation Conventions 1 to 8 paragraph 21	4.3.1 Own Workforce – Our principles regarding our own workforce [S1-1]
ESRS S1-1 Processes and measures for preventing trafficking in human beings paragraph 22	4.3.1 Own Workforce – Our principles regarding our own workforce [S1-1]
ESRS S1-1 Workplace accident prevention policy or management system paragraph 23	4.3.1 Own Workforce – Our principles regarding our own workforce [S1-1] as well as Policies related to health & safety [S1-1]
ESRS S1-3 Grievance/complaints handling mechanisms paragraph 32 (c)	4.3.1 Own Workforce – Processes to remediate negative impacts and channels for own workers to raise concerns [S1-3]
ESRS S1-14 Number of fatalities and number and rate of work-related accidents paragraph 88 (b) and (c)	4.3.1 Own Workforce – Health and safety metrics [S1-14]
ESRS S1-14 Number of days lost to injuries, accidents, fatalities or illness paragraph 88 (e)	4.3.1 Own Workforce – Health and safety metrics [S1-14]
ESRS S1-16 Unadjusted gender pay gap paragraph 97 (a)	4.3.1 Own Workforce – Compensation metrics [S1-16]
ESRS S1-16 Excessive CEO pay ratio paragraph 97 (b)	4.3.1 Own Workforce – Compensation metrics [S1-16]
ESRS S1-17 Incidents of discrimination paragraph 103 (a)	4.3.1 Own Workforce – Incidents, complaints and severe human rights impacts [S1-17]
ESRS S1-17 Nonrespect of UNGPs on Business and Human Rights and OECD paragraph 104 (a)	4.3.1 Own Workforce – Incidents, complaints and severe human rights impacts [S1-17]
ESRS 2- SBM3 – S2 Significant risk of child labor or forced labor in the value chain paragraph 11 (b)	4.3.2 Workers in the Value Chain – Material impacts, risks and opportunities and their interaction with strategy and business model related to workers in the value chain [S2.SBM-3]
ESRS S2-1 Human rights policy commitments paragraph 17	4.3.2 Workers in the Value Chain – Policies related to value chain workers [S2-1]
ESRS S2-1 Policies related to value chain workers paragraph 18	4.3.2 Workers in the Value Chain – Policies related to value chain workers [S2-1]
ESRS S2-1 Nonrespect of UNGPs on Business and Human Rights principles and OECD guidelines paragraph 19	4.3.2 Workers in the Value Chain – Policies related to value chain workers [S2-1]
ESRS S2-1 Due diligence policies on issues addressed by the fundamental International Labor Organisation Conventions 1 to 8, paragraph 19	4.3.2 Workers in the Value Chain – Policies related to value chain workers [S2-1]
ESRS S2-4 Human rights issues and incidents connected to upstream and downstream value chain paragraph 36	4.3.2 Workers in the Value Chain – Prevention and mitigation through measures related to value chain workers [S2-4]
ESRS S3-1 Human rights policy commitments paragraph 16	4.3.3 Affected Communities – Policies related to affected communities [S3-1]
ESRS S3-1 Nonrespect of UNGPs on Business and Human Rights, ILO principles or OECD guidelines paragraph 17	4.3.3 Affected Communities – Policies related to affected communities [S3-1]

List of Datapoints in Cross-Cutting and Topical Standards That Derive From Other EU Legislation

Disclosure Requirement and related datapoint	Section
ESRS S3-4 Human rights issues and incidents paragraph 36	4.3.3 Affected Communities – Actions related to affected communities [S3-4]
ESRS S4-1 Policies related to consumers and end-users paragraph 16	4.3.4 Consumers and End-Users – Policies related to the social involvement of consumers and/or end-users [S4-1] as well as Policies related to the personal safety of consumers and/or end-users [S4-1] as well as Policies related to access to information by consumers and/or end-users [S4-1]
ESRS S4-1 Nonrespect of UNGPs on Business and Human Rights and OECD guidelines paragraph 17	4.3.4 Consumers and End-Users – Policies related to the social involvement of consumers and/or end-users [S4-1] as well as Policies related to the personal safety of consumers and/or end-users [S4-1] as well as Policies related to access to information by consumers and/or end-users [S4-1]
ESRS S4-4 Human rights issues and incidents paragraph 35	4.3.4 Consumers and End-Users – Actions related to the social involvement of consumers and/or end-users [S4-4] as well as Actions related to the personal safety of consumers and/or end-users [S4-4]
ESRS G1-1 United Nations Convention against Corruption paragraph 10 (b)	4.4.1 Business Conduct – Corporate culture and business conduct policies [G1-1]
ESRS G1-1 Protection of whistle-blowers paragraph 10 (d)	4.4.1 Business Conduct – Corporate culture and business conduct policies [G1-1]
ESRS G1-4 Fines for violation of anti-corruption and anti-bribery laws paragraph 24 (a)	4.4.1 Business Conduct – Confirmed incidents of corruption or bribery [G1-4]
ESRS G1-4 Standards of anti-corruption and anti-bribery paragraph 24 (b)	not material

5. Corporate Governance Report

The Corporate Governance Report of the Bayer Group conforms with the recommendations of the German Corporate Governance Code and includes a Declaration by Corporate Management pursuant to Sections 289f and 315d of the German Commercial Code (HGB) as well as all the information and explanations required by Section 289a through e and Section 315a through d of the German Commercial Code (HGB). The contents of the Corporate Governance Report are also included in the Management Report. In accordance with Section 317, Paragraph 2, Sentence 6 of the German Commercial Code (HGB), the information contained in the Declaration by Corporate Management is not taken into account in the audit of the financial statements.

5.1 Declaration by Corporate Management Pursuant to Sections 289f and 315d of the German Commercial Code

With the Declaration by Corporate Management pursuant to Sections 289f and 315d of the German Commercial Code (HGB) for Bayer AG and the Bayer Group, the company provides information on the main elements of the Bayer Group's corporate governance structures, relevant corporate governance practices, and the composition and duties of the Board of Management, the Supervisory Board and their committees, as well as the defined objectives and concepts that are applied for the composition of the Board of Management and the Supervisory Board.

Declaration concerning the German Corporate Governance Code pursuant to Section 161 of the German Stock Corporation Act (AktG)

In December 2024, the Board of Management and Supervisory Board of Bayer AG issued the annual declaration concerning the German Corporate Governance Code, stating that Bayer AG has fully complied with the recommendations of the German Corporate Governance Code since the previous declaration and intends to maintain full compliance with the recommendations contained in the April 28, 2022, version thereof in the future.

Availability of compensation report and information on compensation system and compensation resolution

The Compensation Report for 2024, Independent Auditor's Report, information on our compensation system and the most recent resolution on compensation are publicly accessible at www.bayer.com/cpr.

Information on corporate governance practices

Bayer AG is subject to German stock corporation law and therefore has a dual governance system consisting of the Board of Management and the Supervisory Board, which manage the company based on a transparent strategy that is geared toward its long-term success and complies with applicable law and ethical standards.

Corporate governance practices that go beyond statutory regulations are derived from our mission, Dynamic Shared Ownership (DSO) organizational principles, our Code of Conduct and a small number of further policies. The main guidelines are summarized primarily in our Code of Conduct, which contains, among other aspects, important policies pertaining to compliance and dealings with key stakeholders. The organization and oversight obligations of the Board of Management and the Supervisory Board are mainly ensured by compliance management and risk management systems.

Board of Management

Composition, objectives (diversity concept) and succession planning

The Board of Management effectively consisted of six members in 2024. In April, it temporarily included a seventh member. The Board of Management runs the company on its own responsibility with the goal of achieving defined corporate objectives and sustainably increasing the company's enterprise value.

With regard to the composition of the Board of Management, the Supervisory Board takes into account specialist expertise and personal aptitude, as well as aspects such as age, gender, education and professional background. Pursuant to Section 76, Paragraph 3a of the German Stock Corporation Act (AktG), the Supervisory Board must ensure that the Board of Management includes at least one woman and at least one man if it consists of three or more members.

An additional aspect relating to the composition of the Board of Management that the Supervisory Board has resolved to pursue is diversity. Without basing selection decisions on this aspect in individual cases, the Supervisory Board aims to ensure that different age groups are adequately represented on the Board of Management, while also taking into account the experience required for a position on the Board of Management. Irrespective of this, members of the Board of Management should generally step down from that office when they turn 62. The composition of the Board of Management should adequately reflect the company's international operations. The Supervisory Board therefore endeavors to include on the Board of Management several members of different nationalities or with an international background (e.g., several years of career experience outside Germany or the oversight of foreign business activities). The Supervisory Board also strives to ensure diversity with regard to the educational and professional backgrounds of the members of the Board of Management. In addition to the specific professional expertise and the management and leadership experience required for the given role, members of the Board of Management should cover the broadest possible spectrum of knowledge, experience, and educational and professional backgrounds.

These objectives are taken into account when selecting candidates to fill open positions on the Board of Management. In doing so, the Supervisory Board aims to ensure not just the greatest possible individual suitability of its various members, but also that as many different perspectives as possible are represented in the leadership of the company through a balanced and diverse Board of Management structure, and that the candidate selection pool is as large as possible.

In accordance with the statutory requirements of the Second Leadership Positions Act (FüPoG II), there are also targets pertaining to the proportion of women at the first and second management levels below the Board of Management. The Board of Management has set targets of 35%[31, 32] women at the first management level of Bayer AG and 35%[32, 33] women at the second management level. These targets are to be attained by June 30, 2027.

As part of the succession planning process, the Board of Management informs the Supervisory Board about candidates who have been identified as having the potential to become a member of the Board of Management. Among other things, the Supervisory Board places emphasis on intensive human resources development at the management level below the Board of Management while taking into account the diversity criteria outlined above. The Supervisory Board endeavors to meet the respective candidates personally during presentations given to the Supervisory Board or its committees, or on other occasions. The company has identified candidates who would be able to step in to replace individual Board of Management members and assume their roles at short notice if required. Whenever it becomes clear that there will be an empty seat on the Board of Management, efforts are undertaken to identify and evaluate prospective candidates inside and outside the company. When necessary, an HR consulting firm is brought in to aid the process.

[31] Formal target pursuant to FüPoG II: 36 16/19%
[32] Based on the target size, the formal target pursuant to FüPoG II indicates the percentage to be specified that results in a whole headcount based on the current size of the group.
[33] Formal target pursuant to FüPoG II: 35 35/199%

Julio Triana was appointed to the Board of Management effective April 1, 2024, and became head of the Consumer Health Division effective May 1, 2024. Heiko Schipper had previously requested that the Supervisory Board terminate his contract with effect from April 30, 2024. The Supervisory Board honored this request, and Heiko Schipper's term of office and service contract for the Board of Management ended by mutual agreement on April 30, 2024.

Implementation status of the objectives

In line with the objectives, different age groups are represented on the Board of Management, while also taking into account the experience required for Board of Management positions. The ages of the members of the Board of Management in office on December 31, 2024, ranged from 51 to 60 years as of this date. Three of the six members of the Board of Management serving as of December 31, 2024, are citizens of a country other than Germany. All members of the Board of Management have amassed many years of career experience outside Germany. The members of the Board of Management also have diverse professional backgrounds. The legal requirement that the Board of Management must include at least one woman and at least one man has been met.

Duties and committees

The Board of Management performs its duties according to the law, the Articles of Incorporation and the Board of Management's Rules of Procedure, which govern in detail the provision of information to the Supervisory Board, for example. It also works with the company's other governance bodies in a spirit of trust. There are no Board of Management committees.

Supervisory Board

Composition and objectives (diversity concept and expertise profile)

Under the German Codetermination Act (MitbestG), half of the Supervisory Board's 20 members are elected by the stockholders and the other half by the company's employees.

The Supervisory Board endeavors to ensure that its members collectively possess the necessary expertise, skills and professional experience to properly perform their duties. This includes the following areas: management and leadership of international companies, business acumen in the company's main areas of activity, research and development, finance, internal control/risk management, human resources, governance/compliance, digitalization (including IT, AI and cybersecurity) and key sustainability aspects for the company, such as climate protection and biodiversity.

The Supervisory Board has also resolved to pursue diversity in its own composition, for instance with regard to age, gender, education and professional background. This is aimed at ensuring that the oversight of the company incorporates the broadest possible range of perspectives, and at keeping the candidate pool as large as possible. In view of the international business alignment of Bayer AG, the Supervisory Board strives to ensure at all times that several of its members have international business experience or an international background in other respects. Further objectives concerning the composition of the Supervisory Board are that different age groups be suitably represented on the Supervisory Board and that, absent special circumstances, a member should not hold office beyond the end of the next Annual Stockholders' Meeting following their 72nd birthday. With a view to avoiding potential conflicts of interest and taking into account the ownership structure of the company and the number of independent Supervisory Board members, the Supervisory Board has set itself the goal that more than half of the stockholder representatives be independent. The Supervisory Board assesses the independence of its members according to the recommendation contained in Section C.7 of the German Corporate Governance Code. The Supervisory Board endeavors to ensure that the terms of office of its members are evenly spread, with members serving for no longer than 12 years. This guideline around restricting the term of office came into effect at the start of 2024. For Supervisory Board members who were already serving at the time it was adopted in 2023, the restriction will not apply until their current term of office comes to an end.

The Nomination Committee and the full Supervisory Board take these objectives into consideration when selecting candidates to fill open positions on the Supervisory Board. The stated objectives refer to the Supervisory Board as a whole, unless otherwise determined. However, since the Supervisory Board can only nominate candidates for election as stockholder representatives, it can only take the objectives into account in these nominations. One objective for Supervisory Board elections is that neither women nor men account for less than 30% of the membership, in line with the legal requirements.

The elected terms of office of the following stockholder representatives ended upon conclusion of the Annual Stockholders' Meeting on April 26, 2024: Dr. Norbert W. Bischofberger (due to him stepping down from the Supervisory Board), Dr. Simone Bagel-Trah, Horst Baier, Ertharin Cousin and Prof. Dr. Otmar D. Wiestler. The Annual Stockholders' Meeting reelected Horst Baier and Ertharin Cousin to the Supervisory Board, and elected Lori Schechter, Dr. Nancy Simonian and Jeffrey Ubben to replace the departing members Bischofberger, Bagel-Trah and Wiestler. In addition, the term of office of the employee representative Heinz Georg Webers ended on August 31, 2024, due to his retirement. The competent court appointed Marianne Maehl as his successor effective September 1, 2024. Furthermore, the term of office of the employee representative Dr. Barbara Gansewendt came to an end on December 31, 2024, due to her retirement. Nadine Dietz was elected to replace her effective January 1, 2025.

Implementation status of the objectives

The Supervisory Board has several members with international business experience or an international background. The ages of the members of the Supervisory Board ranged from 43 to 70 years (stockholder representatives: 52 to 70 years) as of December 31, 2024. One member of the Supervisory Board, Dr. Paul Achleitner, has been a member of the Supervisory Board for more than 12 years. As such, the Supervisory Board does not consider him to be independent as defined in Section C.7 of the German Corporate Governance Code. However, the Supervisory Board does not harbor any concerns about Dr. Achleitner's impartiality or any potential conflicts of interest.

The stockholder-representative side of the Supervisory Board considers the stockholder representatives Horst Baier, Ertharin Cousin, Colleen A. Goggins, Kimberly Mathisen, Lori Schechter, Dr. Nancy Simonian, Jeffrey Ubben, Alberto Weisser and Prof. Dr. Norbert Winkeljohann to be independent. The proportion of women on the Supervisory Board is currently 55% for the Supervisory Board as a whole, 60% for the employee representatives and 50% for the stockholder representatives. Nine of the 20 members of the Supervisory Board are citizens of a country other than Germany. Numerous other members have many years of international business experience. The members of the Supervisory Board have also completed a whole range of vocational training and study courses.

The Supervisory Board endeavors to ensure that an adequate number of members possess expertise and experience in each of the following categories:

International business experience: Experience in a complex international organization and an understanding of different business and legal requirements

Research and development: Experience in research and development, innovation or new technologies in a major company or another large organization

Agriculture/food: Experience in the agriculture, fertilizer or food industries that was gained through positions of responsibility in these sectors

Healthcare: Experience in the healthcare industry, including in research, development, production, distribution, medical work and/or management

Finance: Experience in accounting, auditing, controlling, financing and/or the capital market

Internal controls/risk management: Experience in internal controls, risk management and/or internal auditing

Human resources: Experience in recruitment, talent development, succession planning, workplace culture, compensation and/or human capital management

Governance/compliance: Experience in corporate governance, regulation, compliance, law, public policy/political science and/or government relations

Digitalization: Experience in IT, digital transformation, cybersecurity, artificial intelligence and/or data privacy

Sustainability/climate protection: Experience in sustainability, ESG, climate protection, renewable energies, biodiversity and/or environmental protection

For the purposes of the qualification matrices below, the Supervisory Board primarily considers its members to possess expertise and experience in the corresponding areas if they have completed professional training in that field or have amassed many years of professional experience (including several years as a member of the Supervisory Board or one of its respective committees).

In the opinion of the Supervisory Board, the stockholder representatives have the following special expertise and experience, as well as the following independence status:

A 5.1/1

Expertise and Experience of Shareholder Representatives on the Supervisory Board

	International business experience	R&D	Agriculture/ food	Healthcare	Finance	Internal controls/ risk management	HR	Governance/ compliance	Digital	Sustainability/ climate protection	Independence
Dr. Paul Achleitner	X				X	X	X	X			
Horst Baier	X				X	X	X	X		X	X
Ertharin Cousin	X		X				X	X		X	X
Colleen A. Goggins	X			X			X				X
Kimberly Mathisen	X	X	X	X			X		X	X	X
Lori Schechter	X			X		X	X	X			X
Dr. Nancy Simonian	X	X		X	X	X					X
Jeffrey Ubben	X		X		X	X				X	X
Alberto Weisser	X		X		X	X	X	X		X	X
Prof. Dr. Norbert Winkeljohann (Chairman)	X				X	X	X	X	X	X	X

Horst Baier, Chairman of the Audit Committee, also has special expertise regarding the application of accounting standards and internal control and risk management systems. This expertise is based on knowledge and experience gained in part through his previous work as head of finance and accounting and as the CFO of a publicly listed company. Norbert Winkeljohann, Chairman of the Supervisory Board and a member of the Audit Committee, has special expertise in the field of auditing. This expertise is based on his training as an auditor, academic work in this field and longstanding experience as an external auditor for publicly listed companies and as a partner and chairman of the management board of an international auditing company. In addition, Horst Baier and Norbert Winkeljohann both possess special expertise in the area of sustainability reporting and auditing. Of the other members of the Audit Committee, Jeffrey Ubben, managing partner and founder of several investment funds, and Frank Löllgen, a longstanding member of the Audit Committee, have special expertise in accounting and auditing.

In the opinion of the Supervisory Board, the employee representatives have the following special expertise and experience:

A 5.1/2

Expertise and Experience of Employee Representatives on the Supervisory Board

	International business experience	R&D	Agriculture/ food	Healthcare	Finance	Internal controls/ risk management	HR	Governance/ compliance	Digital	Sustainability/ climate protection
André van Broich	X	X	X				X	X		
Yasmin Fahimi		X				X	X	X		X
Dr. Barbara Gansewendt	X	X		X	X	X	X	X		
Francesco Grioli	X				X	X	X	X	X	
Heike Hausfeld	X						X	X	X	
Frank Löllgen	X	X			X	X	X	X		
Marianne Maehl		X	X				X			
Andrea Sacher		X		X			X			
Claudia Schade							X			
Michael Westmeier				X	X	X	X			

Duties and committees

The role of the Supervisory Board is to oversee and advise the Board of Management. The Supervisory Board is directly 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. The Report of the Supervisory Board in this Annual Report provides details about the work of the Supervisory Board and its committees. In addition to the Presidial Committee and the Nomination Committee, the Supervisory Board also has an ESG Committee to oversee and advise the Board of Management on matters relating to sustainability. Furthermore, the Human Resources and Compensation Committee deals intensively with succession planning and Board of Management compensation. The Audit Committee discusses the audit risk assessment, the audit strategy and audit planning, as well as the audit results with the independent auditor. As part of this process, the Chairman of the Audit Committee regularly discusses the progress of the audit with the independent auditor, including during conversations held outside the meetings of the Audit Committee, and reports to the Committee. The Audit Committee consults with the independent auditor on a regular basis, both with and without the Board of Management present. Furthermore, a Legal Risk Committee was established in 2024 to coordinate the exercise of the rights and duties of the Supervisory Board with regard to existing or impending administrative and court proceedings with considerable significance for the company or the Group, as well as measures to resolve, avert or contain these legal risks.

The Supervisory Board has set itself Rules of Procedure that are published on the company's website. These rules govern various aspects, such as how conflicts of interest are handled. In line with the recommendations of the German Corporate Governance Code, the Rules of Procedure state that conflicts of interest must be disclosed to the Chairman of the Supervisory Board, and that material conflicts of interest that are not merely temporary in nature shall result in the termination of that person's appointment to the Supervisory Board.

When new members join the Supervisory Board, a series of introductory meetings are arranged with the members of the Board of Management and with representatives from specialist functions to introduce them to their work on the Supervisory Board, and informational material is also provided in written form.

Training events for the members of the Supervisory Board are conducted regularly. In 2024, they focused particularly on pharmaceutical research and development and crop genetics. The Supervisory Board conducted its most recent self-assessment evaluating how effectively it performs its duties in 2023. An external consultant was brought in to aid the process. For more information on the Supervisory Board members, see section D (Governance Bodies) of this Annual Report.

Further information

Securities transactions by members of governance bodies

Members of the Board of Management or Supervisory Board and their close relatives are legally obligated to report own-account transactions in Bayer AG shares or debt securities, associated derivatives or other associated financial instruments to Bayer AG and the German Federal Financial Supervisory Authority (BaFin) as soon as the total volume of transactions made by a member of the Board of Management or Supervisory Board, or a close relative, has reached the €20,000 threshold within a calendar year. The transactions reported to Bayer AG in 2024 were duly published and can be viewed on the company's website.

5.2 Takeover-Relevant Information

Explanatory report pursuant to Section 289a, Paragraph 1 and Section 315a, Paragraph 1 of the German Commercial Code (HGB)

The capital stock of Bayer AG amounted to €2,515,005,649.92 as of December 31, 2024, divided into 982,424,082 no-par registered shares. The capital stock and the number of shares were thus unchanged from the end of the previous year. Each share confers one voting right. A small number of shares may be subject to temporary trading restrictions, such as retention periods, in connection with employee stock participation programs. We received no notifications in 2024 of direct or indirect holdings of shares in Bayer AG that exceed 10% of the capital stock. The company is therefore not in possession of any notifications of holdings that exceed 10% of the capital stock.

The appointment and dismissal of members of the Board of Management are subject to the provisions of Sections 84 and 85 of the German Stock Corporation Act (AktG), Section 31 of the German Codetermination Act and Section 6 of the company's Articles of Incorporation. Pursuant to Section 84, Paragraph 1 of the German Stock Corporation Act (AktG), the members of the Board of Management are appointed and dismissed by the Supervisory Board. The Supervisory Board may appoint one member of the Board of Management to be the Chairman of the Board of Management (CEO) pursuant to Section 84, Paragraph 2 of the German Stock Corporation Act (AktG) and Section 6, Paragraph 1 of the Articles of Incorporation. Pursuant to Section 84, Paragraph 3 of the German Stock Corporation Act (AktG), the Supervisory Board must grant a Board of Management member's request to revoke their appointment to the Board of Management in certain cases, and must also guarantee that member's reappointment after certain periods. Since Bayer AG falls within the scope of the German Codetermination Act, Section 31 of that act governs the voting majority required for the appointment or dismissal of members of the Board of Management as well as the voting procedure within the Supervisory Board. Under Section 6, Paragraph 1 of the Articles of Incorporation of Bayer AG, the number of members of the Board of Management is determined by the Supervisory Board but must be at least two. As a publicly listed company that is subject to the German Codetermination Act, Bayer AG must ensure under Section 76, Paragraph 3a of the German Stock Corporation Act (AktG) that its Board of Management includes at least one man and one woman if the number of members is greater than three.

Any amendments to the Articles of Incorporation are made pursuant to Section 179 of the German Stock Corporation Act (AktG) and Sections 10 and 17 of the Articles of Incorporation. Under Section 179, Paragraph 1 of the German Stock Corporation Act (AktG), amendments to the Articles of Incorporation require a resolution of the Stockholders' Meeting. Pursuant to Section 179, Paragraph 2 of the German Stock Corporation Act (AktG), this resolution must be passed by a majority of three-quarters of the voting capital represented at the meeting, unless the Articles of Incorporation provide for a different majority. However, where an amendment relates to a change in the object of the company, the Articles of Incorporation may only specify a larger majority. Section 17, Paragraph 2 of the Articles of Incorporation of Bayer AG utilizes the scope for deviation pursuant to Section 179, Paragraph 2 of the German Stock Corporation Act (AktG) and provides that resolutions may be passed by a simple majority of the votes cast or, where a capital majority is required, by a simple majority of the capital represented. Pursuant to Section 10, Paragraph 9 of the Articles of Incorporation, the Supervisory Board may resolve on amendments to the Articles of Incorporation that relate solely to their wording.

The Annual Stockholders' Meeting held on April 26, 2024, resolved that the Board of Management be authorized to purchase and dispose of own shares representing up to 10% of the capital stock existing at the time the resolution was adopted. This authorization expires on April 25, 2029. The authorization to purchase own shares also includes the purchase of own shares using put or call options (derivatives) up to a volume of 5% of the capital stock existing at the time the resolution was adopted or at the time the authorization is exercised. Stockholders' subscription rights may be excluded, depending on the purpose for which the purchased own shares are to be used.

A material agreement that is subject to the condition precedent of a change of control pertains to the €5 billion syndicated credit facility arranged by Bayer AG and its US subsidiary Bayer Corporation. This undrawn facility is available until December 2029, with two one-year extension options that are nonbinding for the banks. The participating banks are entitled to terminate the credit facility in the event of a change of control at Bayer and demand repayment of any loans that may have been granted under this facility up to that time. A change of control clause is also contained in the terms of a €500 million credit facility that was concluded by Bayer AG in November 2024 but remained undrawn as of December 31, 2024. The participating banks are entitled to terminate the credit facility in the event of a change of control at Bayer and demand repayment of any loans granted under this facility up to that time.

In 2018, Bayer Capital Corporation B. V. issued a bond with a nominal volume of €5 billion and Bayer US Finance II LLC issued, in 144A/Reg S format, a US$15 billion bond and another US$5.7 billion bond. All three bonds are guaranteed by Bayer AG. Holders of these bonds have the right to demand the redemption of bonds by Bayer AG in the event of a change of control if Bayer AG's credit rating were to deteriorate within 120 days after such change of control becomes effective, although the period for a potential deterioration of Bayer AG's credit rating is only 60 days in the case of the US$15 billion bond and the US$5.7 billion bond. As of December 31, 2024, the original US$15 billion bond had an outstanding amount of US$9 billion, the original US$5.7 billion bond had an outstanding amount of US$4.1 billion, and the original €5 billion bond had an outstanding amount of €3.3 billion.

The terms of the €3 billion note issued by Bayer under its Debt Issuance Program in 2023, the full amount of which was outstanding as of December 31, 2024, also contain a corresponding change-of-control clause associated with a deterioration of the credit rating within 120 days. Clauses to this effect were also included in the terms of the US$7 billion bond in 144A/Reg S format issued in 2014 by Bayer US Finance LLC and guaranteed by Bayer AG, which was fully repaid in October 2024; the nominal €6 billion bond issued by Bayer AG in 2020, which had an outstanding amount of €4.5 billion as of December 31, 2024; the nominal €4 billion bond issued by Bayer AG in 2021, the full amount of which was outstanding as of December 31, 2024; and the US$5.75 billion bond in 144A/Reg S format issued in November 2023 by Bayer US Finance LLC and guaranteed by Bayer AG, the full amount of which was outstanding as of December 31, 2024. In the case of the US$5.75 billion bond, the period for a potential deterioration of Bayer AG's credit rating is only 60 days.

In the event of a change of control, members of the Board of Management are entitled to a severance payment of 250% of annual base compensation if certain narrow conditions are met. The payment is limited to the compensation for the remaining term of the contract, capped at twice the annual compensation.

6. Information on Bayer AG

Business lease agreements exist between Bayer AG on the one hand, and Bayer CropScience AG and Bayer Pharma AG – the former parent companies of the divisions Crop Science and Pharmaceuticals – on the other. Bayer AG as lessee manages these two companies' operational businesses on the basis of these agreements. In addition to its holding company function, Bayer AG thus also performs the parent company functions with respect to the two divisions.

Bayer AG is a generator and supplier of utilities at multiple locations and thus an energy utility as defined in Section 3, No. 18 of the German Energy Industry Act (EnWG). Since utility supply networks are operated by a subsidiary, Bayer AG also constitutes a vertically integrated energy utility under Section 3, No. 38 of the German Energy Industry Act (EnWG). However, regarding its own activities, it is only subject to the separate accounting obligation and not the obligation to prepare activity reports.

The financial statements of Bayer AG are prepared in accordance with the German Commercial Code (HGB) and the German Stock Corporation Act (AktG). Because the company is an integrated energy utility, the provisions of Section 6b of the German Energy Industry Act (EnWG) are also observed.

6.1 Earnings Performance of Bayer AG

A 6.1/1

Bayer AG Summary Income Statements According to the German Commercial Code (HGB)

€ million	2023	2024
Net sales	15,961	14,866
Increase or decrease in inventories of finished goods and work in process	202	(43)
Other own work capitalized	24	33
Other operating income	3,731	3,108
Cost of materials	(11,204)	(10,351)
Personnel expenses	(2,340)	(2,543)
Write-downs on intangible assets and property, plant and equipment	(121)	(91)
Other operating expenses	(7,580)	(8,025)
Operating income	**(1,327)**	**(3,046)**
Income from investments in affiliated companies – net	7,126	11,292
Interest income/expense – net	(622)	(968)
Other financial income/expense – net	22	60
Nonoperating income	**6,526**	**10,384**
Income taxes and other taxes	(49)	(10)
Income after taxes/net income	**5,150**	**7,328**
Allocation to other retained earnings	(2,575)	(3,664)
Distributable profit	**2,575**	**3,664**

Development of earnings

Bayer AG fell 4% short of its sales forecast of approximately €15.5 billion for 2024. In the Pharmaceuticals Division, sales declined at a slightly stronger rate than expected. Sales from the internal charging-on of costs for services came in at the prior-year level, while internal sales in the Crop Science Division slightly exceeded expectations. Operating earnings were diminished by restructuring expenses, an increase in rental and leasing expenses, and higher expenses for wages and salaries due particularly to variable compensation components. There was an operating loss of roughly €3.0 billion, which was €0.5 billion wider than planned.

Sales of Bayer AG declined by about 7% to €14,866 million in 2024 (2023: €15,961 million).

Sales at the Crop Science Division declined year on year to €4,903 million (2023: €4,994 million) due to lower prices for crop protection products. Intra-Group sales fell to €4,526 million (2023: €4,584 million). External sales declined to €377 million (2023: €410 million), mainly driven by the decline in business at Fungicides. The Herbicides and Insecticides business units saw sales decrease to €1,162 million (2023: €1,263 million) and €766 million (2023: €857 million), respectively, mainly due to lower volumes in Europa/Middle East/Africa and North America. Sales at Fungicides increased to €2,192 million (2023: €2,111 million) thanks to higher volumes in the Asia/Pacific region. On a regional level, sales in Europe/Middle East/Africa fell to €2,225 million (2023: €2,300 million), with declines registered at all business units. Sales in North America edged down to €1,156 million (2023: €1,168 million) due to a decline at Insecticides. Sales in the Asia/Pacific region rose to €1,049 million (2023: €986 million), driven by gains at Fungicides. Sales in Latin America were down to €473 million (2023: €540 million) due to a decline at Herbicides.

The Pharmaceuticals Division posted a decrease in sales to €8,750 million (2023: €9,732 million). Intra-Group sales fell to €7,930 million (2023: €8,881 million), and external sales to €820 million (2023: €851 million). The decline in sales of Xarelto™ to €2,818 million (2023: €3,289 million) was due to the product patent expiring in various regions. The increase for Adempas™ to €597 million (2023: 572 million) and for Mirena™ to €401 million (2023: 354 million) was mainly attributable to higher demand in the United States. The decline in Adalat™ sales to €279 million (2023: €401 million) was chiefly due to tender procedures in China. The decrease in sales of Kerendia™ to €271 million (2023: €335 million) was the result of volume and price effects in the United States. The decline in sales of the YAZ™ product family to €315 million (2023: €578 million) was mostly attributable to lower demand owing to the prior-year inventory buildup effect in China. On a regional level, the Pharmaceuticals Division saw sales in Europe/Middle East/Africa fall to €4,202 million (2023: €4,655 million), largely due to lower demand for Xarelto™ in the United Kingdom, France and Germany. The decline in sales in North America to €2,080 million (2023: €2,233 million) was primarily due to volume and price effects in the United States. Sales in Asia/Pacific decreased to €2,102 million (2023: €2,330 million), mainly as a result of weaker demand for Adalat™ and Yasmin™ in China. The fall in sales in Latin America to €366 million (2023: €514 million) was predominantly due to the expiration of the Xarelto™ patent in Mexico.

Sales at Enabling Functions decreased to €1,213 million (2023: €1,235 million).

Other operating income declined to €3,108 million (2023: €3,731 million), largely due to the exchange gains falling to €2,557 million (2023: €2,930 million). Income from the reversal of provisions decreased to €323 million (2023: €500 million). The reversal of provisions mainly pertained to concluded restructuring programs, at €115 million (2023: €263 million), and to pensions, at €82 million (2023: €113 million). In addition, insurance compensation declined to €98 million (2023: €205 million).

The cost of materials decreased by around 8% year on year to €10,351 million (2023: €11,204 million). The ratio of the cost of materials to sales (including changes in inventory) was level year on year at around 70%. Personnel expenses increased to €2,543 million (2023: €2,340 million), mainly due to increased provisions for variable compensation components.

Other operating expenses rose to €8,025 million (2023: €7,580 million). The year-on-year change resulted from an increase in expenses for severance payments in connection with ongoing restructuring programs, to €924 million (2023: €164 million), and a rise in rental and leasing expenses to €773 million (2023: €445 million), which was chiefly attributable to provisions for future vacancies.

These effects were partly offset by a decline in expenses from foreign currency translation to €2,692 million (2023: €2,841 million), a fall in research expenses to €1,232 million (2023: €1,341 million), a decrease in expenses for logistics and information to €593 million (2023: €709 million), and a decline in marketing and selling expenses to €376 million (2023: €463 million).

Research and development expenses, consisting of related personnel and nonpersonnel costs within the respective expense item, amounted to €2,250 million (2023: €2,273 million)[34]. Of the total expenses, €549 million (2023: €562 million) was attributable to the Crop Science Division and €1,701 million (2023: €1,711 million) to the Pharmaceuticals Division. The decline at Crop Science was due to a decrease in the intra-Group charging-on of costs, while the decrease at Pharmaceuticals was mainly attributable to lower costs for research and clinical development projects. As of December 31, 2024, there were 4,069 employees (FTEs) working in research and development. The ratio of research and development expenses to sales amounted to 15% (2023: 14%).

The company recorded an operating loss of €3,046 million for 2024 (2023: €1,327 million).

The balance of income and expenses from investments in affiliated companies was significantly above the previous year at €11,292 million (2023: €7,126 million). Income from affiliated companies rose significantly to €2,301 million (2023: €1,104 million). This development was mainly attributable to the dividend payment of €2,200 million by Bayer Hispania, S.L.U., Spain (2023: €1,000 million). The balance of income and expenses from profit and loss transfer agreements improved to €9,000 million (2023: €2,092 million). This was driven by the profit transferred by Bayer Pharma AG (€7,014 million; 2023: €1,759 million) – due mainly to higher profit and loss transfers and write-ups of the carrying amounts of investments in affiliated companies – and the profit transferred by Bayer CropScience AG (€1,437 million; 2023: minus €476 million). The balance of other income and expenses from investments in affiliated companies declined considerably to minus €9 million (2023: €3,930 million), with the prior-year figure having included gains from the sale of investments in affiliated companies together with write-downs thereof. There was no income from intra-Group changes in the shareholding structure in 2024 (2023: €3,939 million).

Net interest expense in 2024 increased to €968 million (2023: €622 million), largely due to effects from the unwinding of the discount on pension and noncurrent personnel-related commitments and the development of plan assets. The balance of income and expenses from the unwinding of discount and the development of plan assets deteriorated to €267 million (2023: €439 million). This mainly reflected the balance of income from plan assets of Bayer Pension Trust e. V. (BPT) (€313 million; 2023: €531 million) and interest expense from the unwinding of discount on pension provisions (€46 million, 2023: €92 million). The balance of other financial income and expenses was positive, at €60 million (2023: €22 million). The change was mostly attributable to a significant €77 million decline in expenses for personnel-related provisions recognized in nonoperating income, and a €29 million increase in gains from the reversal of personnel-related provisions. There was a €54 million decline in income from the charging-on of expenses to subsidiaries that arose from allocations to personnel-related provisions. Bond fees also declined by €10 million.

In 2024, the company generated income of €7,338 million before income taxes (2023: €5,199 million). After deduction of €10 million (2023: €49 million) in taxes, net income amounted to €7,328 million (2023: €5,150 million). After allocating €3,664 million of this net income to other retained earnings, the distributable profit amounted to €3,664 million. The Board of Management will propose to the Annual Stockholders' Meeting on April 25, 2025, that, of the distributable profit of €3,663,878,214.40 reported in the annual financial statements for the fiscal year 2024, an amount of €108,066,649.02 be used to pay a dividend of €0.11 per share carrying dividend rights and the remaining amount of €3,555,811,565.38 be allocated to other retained earnings.

[34] The methodology employed for determining research and development costs has been adjusted, resulting in divergent prior-year figures.

6.2 Asset and Financial Position of Bayer AG

A 6.2/1

Bayer AG Summary Statements of Financial Position According to the German Commercial Code (HGB)

€ million	Dec. 31, 2023	Dec. 31, 2024
ASSETS		
Noncurrent assets		
Intangible assets, property, plant and equipment	388	441
Financial assets	85,069	89,619
	85,457	90,060
Current assets and miscellaneous assets		
Inventories	3,061	2,821
Trade accounts receivable	1,816	1,846
Accounts receivable from subsidiaries	1,525	2,425
Other assets and deferred charges	1,004	620
Cash and cash equivalents, marketable securities	4,337	4,250
	11,743	11,962
Total assets	**97,200**	**102,022**
EQUITY AND LIABILITIES		
Equity	**36,042**	**43,261**
Provisions	**5,460**	**4,846**
Other liabilities and deferrals and accruals		
Bonds and notes, liabilities to banks	17,938	16,405
Trade accounts payable	2,118	1,871
Payables to subsidiaries	34,814	34,730
Remaining liabilities and deferred income	828	909
	55,698	53,915
Total equity and liabilities	**97,200**	**102,022**

Development of items in the statement of financial position

As in previous years, Bayer AG's financial position reflected the management function it performs for the Group, particularly with respect to the company's shareholdings and Group financing. The statement of financial position is characterized by these shareholdings and the receivables and payables vis-à-vis Group companies. Total assets increased to €102,022 million in 2024 (2023: €97,200 million).

Noncurrent assets climbed to €90,060 million overall (2023: €85,457 million). Intangible assets and property, plant and equipment increased to €441 million (2023: €388 million), while financial assets rose to €89,619 million (2023: €85,069 million). The increase in investments in subsidiaries to €71,144 million (2023: €71,081 million) resulted from an addition of €72 million from the acquisition of shares in P.T. Monagro Kimia, Indonesia, which was subsequently merged into P.T. Bayer Indonesia, Indonesia. The merger of Bayer Chemicals GmbH into Neunte Bayer VV GmbH led to equal additions and retirements of €323 million at Bayer AG. Loans to subsidiaries increased to €16,926 million (2023: €12,441 million). This was largely attributable to the acquisition of intra-Group loans of €4,437 million from Bayer Limited, Cyprus, to Bayer Pharma AG and Bayer CropScience AG.

Current and miscellaneous assets increased to €11,962 million (2023: €11,743 million). Inventories declined to €2,821 million (2023: €3,061 million). Accounts receivable from subsidiaries, which mainly comprised loan receivables and receivables under profit and loss transfer agreements, increased to €2,425 million (2023: €1,525 million). The decline in other assets to €315 million (2023: €680 million) largely resulted from lower receivables from other taxes and short-term loans. Holdings of marketable securities declined to €872 million (2023: €1,328 million) due to the sale of US dollar-denominated investments with indefinite maturities.

Equity rose by €7,219 million to €43,261 million (2023: €36,042 million). Apart from the dividend payment and appropriation of profit, there were no notable changes in equity in 2024.

Provisions fell to €4,846 million (2023: €5,460 million). The provisions recognized for the excess of pension liabilities over plan assets declined to €2,405 million (2023: €3,232 million). This change was partly attributable to a €119 million decrease in fund assets due to the development of the fair value of the assets held by BPT, while obligations from pension entitlements also fell by €946 million. Provisions for taxes rose slightly to €497 million (2023: €488 million), primarily due to the change in provisions for income taxes not yet finally assessed. Other provisions increased to €1,944 million (2023: €1,740 million). Personnel-related provisions rose to €1,197 million (2023: €1,032 million), mainly due to provisions for variable compensation components increasing to €356 million (2023: €146 million). Other miscellaneous provisions rose to €747 million (2023: €708 million), primarily due to an increase in provisions for impending losses to €590 million (2023: €453 million) and a decrease in provisions for the assumption of costs for restructuring measures to €65 million (2023: €97 million).

Liabilities and deferred income – net of deductible receivables – fell to €53,915 million (2023: €55,698 million). Two new bonds with a total volume of €1,012 million (2023: €4,750 million) were issued in 2024. In addition, two existing hybrid bonds issued in 2014 and 2019 were partially repurchased (volume of €1,028 million; 2023: €1,389 million). As such, the total volume of outstanding bonds decreased to €16,395 million (2023: €17,911 million). Liabilities to banks fell to €10 million (2023: €27 million). The decline in trade accounts payable to €1,871 million (2023: €2,118 million) mainly pertained to trade accounts payable to subsidiaries. Payables to subsidiaries decreased to €34,730 million (2023: €34,814 million). The increase in miscellaneous liabilities to €892 million (2023: €803 million) was primarily attributable to higher liabilities to employees relating to restructuring measures, at €512 million (2023: €18 million). Retirements of commercial paper declined by €391 million to €0 million.

Financial obligations rose to €58,610 million (2023: €56,777 million). Intra-Group financial obligations increased by €3,730 million to €42,175 million, with short-term loans accounting for €11,689 million of this figure, the decline in liabilities from call deposits for €2,223 million, and lower loan liabilities for €5,736 million. Liabilities to third parties declined by €1,897 million to €16,435 million. Bonds decreased by €1,516 million to €16,395 million. In addition, there was a €391 million decline in commercial paper. Net debt increased to €54,360 million (2023: €52,440 million) after deduction of €4,250 million (2023: €4,337 million) in cash and cash equivalents and marketable securities.

6.3 Forecast, Opportunities and Risks for Bayer AG

Bayer AG is largely exposed to the same opportunities and risks as the Bayer Group. In addition to the information provided below, please also refer to the “Report on Future Perspectives and on Opportunities and Risks” chapter on the Bayer Group.

In 2023, we began to increasingly focus on our company’s mission of “Health for all, Hunger for none.” A central element of our strategy involves the introduction of Dynamic Shared Ownership, a new operating model that empowers employees to contribute their creativity and expertise in the best possible way while working in self-managed teams. Our aim is to further accelerate innovation and provide even better support for farmers, patients and consumers.

Bayer AG is expected to generate sales of approximately €13.5 billion and an operating loss of around €3.2 billion in 2025. These figures include Bayer AG’s own operational business and the businesses leased from Bayer CropScience AG and Bayer Pharma AG.

For Bayer AG, we expect sales declines for Xarelto™, in particular, in the Pharmaceuticals Division in 2025, which will be also reflected in operating earnings. Sales from the intra-Group charging-on of services will be at approximately the same level as in 2024. External sales in the Crop Science Division will also decline slightly, which will additionally lead to a slight deterioration in operating earnings. In addition, the earnings of most German subsidiaries are transferred directly to Bayer AG under profit and loss transfer and control agreements. Furthermore, specific intra-Group dividend measures and additional intra-Group restructuring measures ensure the availability of sufficient distributable income. On account of the interdependencies between Bayer AG and its subsidiaries, the outlook for the Bayer Group thus largely also reflects the expectations for Bayer AG. Bayer AG plans to maintain its dividend policy and pay out the legally required minimum for 2025.

6.4 Nonfinancial and Other Disclosures by Bayer AG

Due to the importance of Bayer AG within the Bayer Group, further disclosures are required. This pertains especially to the reporting of significant nonfinancial information pursuant to Section 289b through e of the German Commercial Code (HGB), which also became mandatory for the parent company Bayer AG as a result of the CSR Directive Implementation Act (CSR-RUG).

The Bayer Group’s nonfinancial statement for 2024 is issued in accordance with the European Sustainability Reporting Standards (ESRS) that entered into effect in the European Union in July 2023 as part of a Delegated Act under the Corporate Sustainability Reporting Directive (CSRD – EU Directive 2022/2464), while the nonfinancial disclosures of Bayer AG are based on the GRI Standards. All disclosures, provisions, described processes and key data contained in the preceding statements in the Group Management Report apply to the Bayer Group including Bayer AG.

The following table contains significant nonfinancial and other key data of Bayer AG.

A 6.4/1

Significant Nonfinancial and Other Key Data of Bayer AG

	2023	2024
R&D expenses (€ million)[1]	2,273	2,250
Employees[2]	17,955	16,693
Employees by function[2]		
Production	10,997	10,436
Marketing and distribution	867	818
R&D	4,577	4,069
Administration	1,514	1,370
Employees by gender[2]		
Women	6,366	5,834
Men	11,589	10,859
Personnel expenses (€ million)	2,340	2,543
Pension obligations (€ million)	7,708	7,492
Short-term incentive program (€ million)	97	312
Procurement spend (€ billion)	5.7	4.7
Safety		
Recordable Incident Rate (RIR)	0.41	0.36
Lost Time Recordable Incident Rate (LTRIR)	0.26	0.30
Process Safety Incident Rate (PSI-R)	0.29	0.20
Environmental protection		
Total energy consumption (terajoules)	5,854	5,658
Scope 1 and 2 greenhouse gas emissions (million metric tons of CO_2 equivalents)[3]	0.39	0.37
Water withdrawals (million cubic meters)	6.78	6.22
Total waste generated (thousand metric tons)	231	208

[1] The methodology employed for determining research and development costs has been adjusted, resulting in divergent prior-year figures.
[2] Full-time equivalents (FTEs) as of December 31, 2024
[3] According to the market-based method

B Consolidated Financial Statements

Bayer Group Consolidated Income Statements

B 1

€ million	Note	2023	2024
Net sales	**[6]**	**47,637**	**46,606**
Cost of goods sold		(19,749)	(21,270)
Gross profit		**27,888**	**25,336**
Selling expenses		(12,482)	(13,364)
Research and development expenses		(5,371)	(6,209)
General administration expenses		(2,453)	(2,574)
Other operating income	[7]	1,897	1,779
Other operating expenses	[8]	(8,867)	(5,039)
EBIT[1]		**612**	**(71)**
Equity-method income (loss)	[10.1]	(162)	(132)
Financial income		601	545
Financial expenses		(2,672)	(2,676)
Financial result	**[10]**	**(2,233)**	**(2,263)**
Income before income taxes		**(1,621)**	**(2,334)**
Income taxes	[11]	(1,321)	(212)
Income after income taxes		**(2,942)**	**(2,546)**
of which attributable to noncontrolling interest	[12]	(1)	6
of which attributable to Bayer AG stockholders (net income)		**(2,941)**	**(2,552)**
€			
Earnings per share	**[13]**		
Basic		(2.99)	(2.60)
Diluted		(2.99)	(2.60)

[1] For definition see A 2.3 “Alternative Performance Measures Used by the Bayer Group.”

Bayer Group Consolidated Statements of Comprehensive Income

B 2

€ million	Note	2023	2024
Income after income taxes		**(2,942)**	**(2,546)**
of which attributable to noncontrolling interest	[12]	(1)	6
of which attributable to Bayer AG stockholders		(2,941)	(2,552)
Remeasurements of the net defined benefit liability for post-employment benefit plans	[22]	424	453
Income taxes	[11]	(98)	(83)
Other comprehensive income from remeasurements of the net defined benefit liability for post-employment benefit plans		**326**	**370**
Changes in fair values of equity instruments measured at fair value		(29)	(87)
Income taxes	[11]	2	12
Other comprehensive income from equity instruments measured at fair value		**(27)**	**(75)**
Other comprehensive income that will not be reclassified subsequently to profit or loss		**299**	**295**
Changes in fair values of derivatives designated as cash flow hedges	[27.3]	(162)	(16)
Reclassified to profit or loss		12	(85)
Income taxes	[11]	33	14
Other comprehensive income from cash flow hedges		**(117)**	**(87)**
Changes in time value of options used as hedging instrument	[17]	(8)	1
Income taxes	[11]	2	–
Other comprehensive income from time value of options		**(6)**	**1**
Changes in exchange differences recognized on translation of operations outside the eurozone	[21]	(624)	1,498
Reclassified to profit or loss	[21]	(39)	(102)
Other comprehensive income from exchange differences	**[21]**	**(663)**	**1,396**
Other comprehensive income relating to associates accounted for using the equity method		**2**	**(8)**
Other comprehensive income that may be reclassified subsequently to profit or loss		**(784)**	**1,302**
Total other comprehensive income[1]		**(485)**	**1,597**
of which attributable to noncontrolling interest		(2)	3
of which attributable to Bayer AG stockholders		(483)	1,594
Total comprehensive income		**(3,427)**	**(949)**
of which attributable to noncontrolling interest		(3)	9
of which attributable to Bayer AG stockholders		(3,424)	(958)

[1] Other comprehensive income is recognized outside profit or loss in equity.

Bayer Group Consolidated Statements of Financial Position

B 3

€ million	Note	Dec. 31, 2023	Dec. 31, 2024
Noncurrent assets			
Goodwill	[14]	32,299	30,016
Other intangible assets	[14]	23,363	22,112
Property, plant and equipment	[15]	13,321	13,456
Investments accounted for using the equity method	[16]	850	820
Other financial assets	[17]	2,267	2,260
Other receivables	[20]	1,132	1,578
Deferred taxes	[11]	5,471	6,164
		78,703	**76,406**
Current assets			
Inventories	[18]	13,947	13,467
Trade accounts receivable	[19]	9,343	8,966
Other financial assets	[17]	4,836	2,266
Other receivables	[20]	2,030	2,052
Claims for income tax refunds		1,442	1,480
Cash and cash equivalents		5,907	6,191
Assets held for sale	[5.3]	51	22
		37,556	**34,444**
Total assets		**116,259**	**110,850**
Equity	**[21]**		
Capital stock		2,515	2,515
Capital reserves		18,261	18,261
Other reserves		12,151	11,132
Equity attributable to Bayer AG stockholders		**32,927**	**31,908**
Equity attributable to noncontrolling interest		151	137
		33,078	**32,045**
Noncurrent liabilities			
Provisions for pensions and other post-employment benefits	[22]	4,014	3,312
Other provisions	[23]	7,784	7,396
Refund liabilities	[6]	14	9
Contract liabilities	[6]	436	303
Financial liabilities	[24]	38,176	35,498
Income tax liabilities		1,523	1,346
Other liabilities	[26]	987	1,124
Deferred taxes	[11]	790	865
		53,724	**49,853**
Current liabilities			
Other provisions	[23]	3,241	3,808
Refund liabilities	[6]	5,463	5,905
Contract liabilities	[6]	3,856	3,652
Financial liabilities	[24]	6,830	5,313
Trade accounts payable	[25]	7,456	7,518
Income tax liabilities		619	547
Other liabilities	[26]	1,992	2,209
		29,457	**28,952**
Total equity and liabilities		**116,259**	**110,850**

Bayer Group Consolidated Statements of Changes in Equity

B 4

€ million	Capital stock	Capital reserves	Retained earnings incl. net income	Exchange differences	Fair-value measurement of equity instruments
Jan. 1, 2023	**2,515**	**18,261**	**17,233**	**531**	**112**
Total comprehensive income					
Income after income taxes			(2,941)		
Other comprehensive income			326	(659)	(27)
Miscellaneous other changes			(21)		(4)
Equity transactions with owners					
Dividend payments			(2,358)		
Other changes			(64)		
Dec. 31, 2023	**2,515**	**18,261**	**12,175**	**(128)**	**81**
Total comprehensive income					
Income after income taxes			(2,552)		
Other comprehensive income			370	1,385	(75)
Miscellaneous other changes			(65)		10
Equity transactions with owners					
Dividend payments			(108)		
Other changes			47		
Dec. 31, 2024	**2,515**	**18,261**	**9,867**	**1,257**	**16**

B 4 (continued)

€ million	Cash flow hedges	Equity attributable to Bayer AG stockholders	Equity attributable to non-controlling interest	Equity
Jan. 1, 2023	**121**	**38,773**	**153**	**38,926**
Total comprehensive income				
Income after income taxes		(2,941)	(1)	(2,942)
Other comprehensive income	(123)	(483)	(2)	(485)
Miscellaneous other changes	25			
Equity transactions with owners				
Dividend payments		(2,358)	(21)	(2,379)
Other changes		(64)	22	(42)
Dec. 31, 2023	**23**	**32,927**	**151**	**33,078**
Total comprehensive income				
Income after income taxes		(2,552)	6	(2,546)
Other comprehensive income	(86)	1,594	3	1,597
Miscellaneous other changes	55			
Equity transactions with owners				
Dividend payments		(108)	(23)	(131)
Other changes		47		47
Dec. 31, 2024	**(8)**	**31,908**	**137**	**32,045**

Bayer Group Consolidated Statements of Cash Flows

B 5

€ million	Note	2023	2024
Income after income taxes		(2,942)	(2,546)
Income taxes		1,321	212
Financial result		2,233	2,263
Income taxes paid		(1,298)	(1,222)
Depreciation, amortization and impairment losses (loss reversals)		10,020	8,783
Change in pension provisions		(183)	(494)
(Gains) losses on retirements of noncurrent assets		(152)	(207)
Decrease (increase) in inventories		(430)	521
Decrease (increase) in trade accounts receivable		689	197
(Decrease) increase in trade accounts payable		82	(120)
Changes in other working capital, other noncash items		(4,223)	(19)
Net cash provided by (used in) operating activities		**5,117**	**7,368**
Cash outflows for additions to property, plant, equipment and intangible assets		(2,751)	(2,778)
Cash inflows from sales of property, plant, equipment and other assets		215	295
Cash inflows from (outflows for) divestments less divested cash		8	17
Income tax payments related to divestments and asset sales		(472)	–
Cash inflows from noncurrent financial assets		139	18
Cash outflows for noncurrent financial assets		(332)	(251)
Cash outflows for acquisitions less acquired cash		(662)	(184)
Interest and dividends received		451	489
Cash inflows from (outflows for) current financial assets		(113)	2,558
Net cash provided by (used in) investing activities		**(3,517)**	**164**
Capital contributions (redemptions)		23	–
Cash outflows to acquire Bayer AG shares (BayShare)		(24)	(16)
Dividend payments		(2,379)	(131)
Issuances of debt		16,284	5,815
Retirements of debt		(13,031)	(10,833)
Interest paid including interest-rate swaps		(1,537)	(1,977)
Interest received from interest-rate swaps		31	5
Cash outflows for the purchase of additional interests in subsidiaries		(46)	(41)
Net cash provided by (used in) financing activities		**(679)**	**(7,178)**
Change in cash and cash equivalents due to business activities	**[31]**	**921**	**354**
Cash and cash equivalents at beginning of year		**5,171**	**5,907**
Change in cash and cash equivalents due to changes in scope of consolidation		–	(2)
Change in cash and cash equivalents due to exchange rate movements		(185)	(68)
Cash and cash equivalents at end of year		**5,907**	**6,191**

Notes to the Consolidated Financial Statements of the Bayer Group

1. General information

Bayer Aktiengesellschaft (Bayer AG), which is entered in the commercial register of the Local Court of Cologne, Germany, HRB 48248, is a global enterprise based in Germany. Its registered office is at Kaiser-Wilhelm-Allee 1, 51368 Leverkusen. The material business activities of the Bayer Group take place in the life science fields of healthcare and nutrition and are reported on via the Crop Science, Pharmaceuticals and Consumer Health segments. The activities of each segment are outlined in Note [4].

The Consolidated Financial Statements as of December 31, 2024, of Bayer AG and its subsidiaries (Bayer Group) were prepared according to the IFRS® reporting standards (hereinafter "reporting standards") issued by the International Accounting Standards Board (IASB), London, United Kingdom, and the IFRIC® interpretations of the IFRS Interpretations Committee (committee) as endorsed and adopted by the European Union as of December 31, 2024. The applicable further requirements of Section 315e of the German Commercial Code (HGB) were also taken into account.

The declarations required under Section 161 of the German Stock Corporation Act (AktG) concerning the German Corporate Governance Code have been issued and made available to stockholders via the Bayer website (https://www.bayer.com/en/investors/corporate-governance).

The Board of Management of Bayer AG prepared the Consolidated Financial Statements of the Bayer Group as of December 31, 2024, at its meeting on February 20, 2025, submitted the prepared statements to the Audit Committee and the Supervisory Board for examination and approval, and released them for publication.

2. Effects of new financial reporting standards

Financial reporting standards applied for the first time in 2024

The following amendments to financial reporting standards were applied for the first time as of January 1, 2024. The amendments had no material impact on the Group's financial position or results of operations.

B 2/1

Financial Reporting Standards Amendments With No Material Impact

Amendments to standards		Mandatory application
IFRS 16	Amendments to IFRS 16 (Leases): Lease Liability in a Sale and Leaseback	Jan. 1, 2024
IAS 1	Amendments to IAS 1 (Presentation of Financial Statements): Classification of Liabilities as Current or Non-current, including Deferral of Effective Date, as well as Noncurrent Liabilities with Covenants	Jan. 1, 2024
IAS 7, IFRS 7	Amendments to IAS 7 (Statements of Cash Flows), IFRS 7 (Financial Instruments – Disclosures): 'Supplier Finance Arrangements'	Jan. 1, 2024

Amendments to IAS 1 (Presentation of Financial Statements) were applied for the first time in 2024. There were no effects on the classification of liabilities as current or noncurrent in 2024. Further information can be found in Note [24].

Amendments to IAS 7 (Statement of Cash Flows) and IFRS 7 (Financial Instruments – Disclosures) with a new disclosure requirement for supplier finance arrangements were also applied for the first time in 2024. These are reported in Note [25].

Published financial reporting standards that have not yet been applied

The IASB has issued the following amendments to standards, and their application was not yet mandatory for the 2024 fiscal year. In some cases, the European Union had not yet completed the endorsement process.

Therefore the following standards have not yet been applied by Bayer:

B 2/2

Published Financial Reporting Standards That Have Not Yet Been Applied

Amendments to standards/new standards		Mandatory application	Anticipated effects
IAS 21	Amendments to IAS 21 (The Effects of Changes in Foreign Exchange Rates): Lack of Exchangeability	Jan. 1, 2025	No material effects expected
IFRS 9, IFRS 7	Amendments to IFRS 9 (Financial Instruments) and IFRS 7 (Financial Instruments – Disclosures): Amendments to the Classification and Measurement of Financial Instruments	Jan. 1, 2026[1]	Effects currently being evaluated
IFRS 9, IFRS 7	Amendments to IFRS 9 (Financial Instruments) and IFRS 7 (Financial Instruments – Disclosures): Contracts Referencing Nature-dependent Electricity	Jan. 1, 2026[1]	Effects currently being evaluated
	Annual Improvements of IFRS Accounting Standards – Volume 11	Jan. 1, 2026[1]	Effects currently being evaluated
IFRS 19	Subsidiaries without Public Accountability: Disclosures	Jan. 1, 2027[1]	Effects currently being evaluated
IFRS 18	Presentation and Disclosure in Financial Statements	Jan. 1, 2027[1]	See remarks below

[1] The endorsement process of the European Union is still pending.

IFRS 18 (Presentation and Disclosure in Financial Statements) will replace IAS 1 (Presentation of Financial Statements) and applies to reporting periods beginning on or after January 1, 2027.

The new IFRS 18 standard introduces the following material new requirements. Entities must classify all income and expenses in the income statement into specific categories and present newly defined subtotals. Management-defined performance measures (MPMs) must be disclosed in the financial statements in a single note. Enhanced guidance is also provided for grouping (aggregation and disaggregation) of information in the financial statements. All entities are additionally required to use the operating profit subtotal as the single starting point for the indirect method of reporting cash flows from operating activities.

The Bayer Group is currently still assessing the effects of the new IFRS 18 standard, particularly as regards the presentation of its income statement, statement of cash flows and additional disclosures required for the MPMs.

3. Reporting policies, methods and critical accounting estimates

The Consolidated Financial Statements were drawn up in euros. Except where otherwise indicated, amounts are stated in millions of euros (€ million) and rounded to the nearest million. Adding the individual figures may therefore not always result in the exact total given.

In the income statement and statement of comprehensive income, statement of financial position, statement of cash flows and statement of changes in equity, certain items are combined for the sake of clarity. These are explained in the Notes. The income statement was prepared using the cost-of-sales method. Assets and liabilities are classified by maturity. They are regarded as current if they mature within one year or within the normal business cycle, which usually does not exceed one year, or are held for sale. The normal business cycle is defined for this purpose as beginning with the procurement of the resources necessary for the production process and ending with the receipt of cash or cash equivalents as consideration for the sale of the goods or services produced in that process. Inventories and trade accounts receivable and payable are always presented as current items. Deferred tax assets and liabilities, and pension provisions are always presented as noncurrent items.

The financial statements of the individual companies consolidated are prepared according to uniform recognition and measurement methods. The Consolidated Financial Statements are based on the principle of the historical cost of acquisition, construction or production, with the exception of the items reflected at fair value, such as equity instruments held, debt instruments held that do not solely comprise principal and interest payments, and derivatives and liabilities that must be recognized or were designated at fair value through profit or loss.

In preparing the Consolidated Financial Statements, management must make certain assumptions and estimates that may substantially impact the presentation of the Group's financial position and/or results of operations. Such estimates, assumptions or the exercise of discretion mainly relate to the useful life of noncurrent assets, the discounted cash flows used for impairment testing, purchase price allocations and the measurement of embedded derivatives, recognition of provisions, including those for litigation-related expenses, pensions and other benefits, taxes, environmental compliance and remediation costs, product liability and guarantees, as well as the recognition of refund liabilities.

Essential estimates and assumptions that may affect reporting in the various item categories of the financial statements are described in the following sections of this Note. Estimates are based on historical experience and other assumptions that are considered reasonable under given circumstances. They are continually reviewed but may vary from the actual values.

New or revised financial reporting standards often contain options regarding the first-time application of new recognition and measurement methods. The income statement for the previous year and the opening statement of financial position for that year may be adjusted depending on the option Bayer exercises. For further information on the standards applied for the first time as of January 1, 2024, see Note [2].

Consolidation

The Consolidated Financial Statements include subsidiaries, joint operations, joint ventures and associates. The financial statements of the individual companies consolidated are prepared as of the closing date of the Group financial statements. If financial statements of joint ventures and associates have a different closing date, adjustments are made for material transactions or events between that date and the closing date of the Consolidated Financial Statements of the Bayer Group.

Subsidiaries are companies over which Bayer AG is currently able to exercise power by virtue of existing rights. Power means the ability to direct the relevant activities that significantly affect a company's profitability. Control is therefore only deemed to exist if Bayer AG is exposed, or has rights, to variable returns from its involvement with a company and has the ability to use its power over that company to affect the amount of that company's returns. The ability to control another company generally derives from Bayer AG's direct or indirect ownership of a majority of the voting rights. In the case of structured entities, however, control is based on contractual agreements. Inclusion of an entity's accounts in the Consolidated Financial Statements begins when the Bayer Group is able to exercise control over the entity and ceases when it is no longer able to do so.

A joint operation or a joint venture exists where the Bayer Group controls an entity's activities jointly with a third party on the basis of a contractual agreement and decisions about the relevant activities require the unanimous consent of the parties sharing control. The parties to a joint operation have rights to the assets,

and obligations for the liabilities, relating to the arrangement. The Bayer Group recognizes its share of the assets, liabilities, revenues and expenses in the Consolidated Financial Statements in accordance with its rights and obligations. The parties jointly controlling a joint venture have rights to the net assets of the arrangement. Joint ventures are accounted for using the equity method. Associates are companies in which Bayer Group companies hold a voting interest of between 20% and 50% or for which there are relevant indicators of significant influence, such as representation on the board of directors or equivalent governing body of the associated company. They also are accounted for using the equity method. The carrying amount of a company accounted for using the equity method is adjusted monthly by the change in its equity corresponding to Bayer's percentage interest in the company. Upon first-time inclusion of associates using the equity method, differences between the acquisition costs of the shares and the share of the net fair value of the associate's identifiable assets and liabilities are accounted for according to full-consolidation principles. Bayer's share of changes – recognized in profit or loss – in these companies' equity, including impairment losses recognized on goodwill, are reflected in equity-method income/loss. Gains and losses arising from the remeasurement of investments accounted for using the equity method due to Bayer obtaining control or losing significant influence are also reflected in equity-method income/loss. Gains and losses from the sale of investments accounted for using the equity method are recognized in equity-method income/loss.

Interests in subsidiaries, joint ventures and associates that do not have a material impact on the Group's financial position or results of operations, either individually or in aggregate, are recognized as financial investments in equity instruments.

Foreign currency translation

The assets and liabilities of the subsidiaries that do not use the euro as their functional currency are translated into euros at closing rates. All changes occurring during the year and all income and expense items and cash flows are translated into euros at average monthly rates. For subsidiaries with a hyperinflationary functional currency, currencies are always translated at the respective closing rates. Equity components are translated at the historical exchange rates prevailing at the respective dates of their first-time recognition in Group equity. The exchange differences arising between the resulting amounts and those obtained by translating at closing rates are recognized outside profit or loss as "Exchange differences on translation of operations outside the eurozone" (in other comprehensive income) or presented as "Exchange differences" in the tables in the Notes. When a company is deconsolidated, such exchange differences are reclassified from equity to profit or loss and recognized in other operating income/expenses. When capital repayments of a net investment in a foreign operation are effected but the percentage of shares owned remains unchanged, exchange differences are reclassified from other comprehensive income to profit or loss and recognized on a prorated basis under exchange gains or losses in other financial income and expenses within the financial result.

The exchange rates for major currencies against the euro varied as follows:

B 3/1

Exchange Rates for Major Currencies

		Average rate	
€1/		2023	2024
BRL	Brazil	5.40	5.80
CAD	Canada	1.46	1.48
CNY	China	7.66	7.80
GBP	United Kingdom	0.87	0.85
INR	India	89.29	90.53
JPY	Japan	151.55	163.69
MXN	Mexico	19.17	19.70
USD	United States	1.08	1.08

		Closing rate	
€1/		Dec. 31, 2023	Dec. 31, 2024
BRL	Brazil	5.36	6.42
CAD	Canada	1.46	1.50
CNY	China	7.87	7.63
GBP	United Kingdom	0.87	0.83
INR	India	91.97	88.98
JPY	Japan	156.34	163.05
MXN	Mexico	18.74	21.55
USD	United States	1.11	1.04

The following companies have a hyperinflationary functional currency:

B 3/2

Application of IAS 29 (Financial Reporting in Hyperinflation Economies)

Company name	Place of business	Applied since
Bayer S. A.	Buenos Aires, Argentina	July 1, 2018
Bayer Türk Kimya Sanayii Limited Sirketi	Istanbul, Turkey	April 1, 2022
Monsanto Gida Ve Tarim Ticaret Ltd Sirketi	Istanbul, Turkey	April 1, 2022
Bayer Tohumculuk ve Tarim Limited Sirketi	Istanbul, Turkey	March 7, 2023

Hyperinflationary accounting is applied for these companies pursuant to IAS 29. On the date of first-time application, the adjustment of the carrying amounts of nonmonetary assets and liabilities was recognized in equity based on the general price index. The effects in initial accounting are immaterial for the Group. Gains and losses incurred from the current hyperinflation of nonmonetary assets and liabilities and of equity are recognized in the income statement as other operating income and expenses.

In Argentina, hyperinflation is based on the index “IPC Nacional Empalme IPIM” (2017=100) with an index value of 7,694 as of December 31, 2024 (December 31, 2023: 3,533), and an annual inflation rate of 118% (2023: 211%). In Turkey, hyperinflation is based on the “Consumer Price Index” (2003=100) with an index value of 2,685 as of December 31, 2024 (December 31, 2023: 1,859), and an annual inflation rate of 44% (2023: 65%).

Foreign currency measurement

Monetary items, such as receivables and liabilities, that are denominated in currencies other than a Group company’s functional currency are measured at closing rates. Related exchange differences are recognized as exchange gains or losses under other financial income or expenses.

Sales, refund liabilities, right-of-return assets and contract liabilities

All revenues derived from the selling of products, rendering of services or from licensing agreements are recognized as sales. Revenues are based on customer contracts and the performance obligations contained therein, which are individually identified and may be presented separately for the purpose of revenue recognition. Revenues are recognized in profit or loss when or as soon as the entity transfers control of goods or services to a customer either over time or at a point in time. Control lies with the customer if the customer can independently determine the use of, and consume the benefit derived from, a product or service. Revenues from product deliveries are recognized at a point in time based on an overall assessment of the existence of a right to payment, the allocation of ownership rights, the transfer of physical possession, the transfer of risks and rewards, and acceptance by the customer. In the case of product deliveries undertaken by the Bayer Group, the transfer of risks and rewards and the right to determine the product shipment destination are particularly important. Depending on the transfer of control, revenues from services are recognized either at a point in time or over the period of time when services are rendered and in accordance with a reasonable measure of progress.

Net sales are limited to the amount the Bayer Group expects to receive for the fulfillment of performance obligations. Payment components to be withheld for third parties are deducted. Sales are therefore reduced by sales taxes and by actual and expected sales deductions resulting from rebates, discounts and bonuses. Furthermore, sales are reduced by the amount of the refund liability for expected returns of defective goods or of saleable products that may be returned under contractual arrangements, with this reduction taking place at the date of revenue recognition or when a reliable estimate can be made. Refund liabilities are recognized for expected sales deductions and product returns. Sales deductions and refund liabilities are estimated primarily on the basis of historical experience, specific contractual terms, price information and thus future expectations of sales development. The underlying assumptions applied for refund liabilities are reviewed at each closing date and revised where necessary.

Assets from expected product returns are recognized in inventories as right-of-return assets at the previous carrying amounts less any recovery and processing costs and potential impairments. For unilaterally fulfilled customer contracts where more than one year passes between performance and payment, significant financing components are accounted for separately based on their present values and the subsequent unwinding of the discount. The underlying discount rate takes into account the individual credit risk of the contracting party that receives the financing. Revenues from contracts involving noncash consideration, such as exchange transactions, are measured at the fair value of the assets received or the right to receive them.

Some of the Bayer Group's revenues are generated on the basis of licensing agreements under which third parties have been granted the right to use or access products and technologies. A right-to-use license is characterized by the underlying technology remaining essentially unchanged over the period for which the rights are granted. With a right-to-access license, by contrast, the customer's interest is directed toward the consistent further development of that intellectual property. Revenues from right-to-use licenses are recognized at a specific point in time, while those from right-to-access licenses are recognized over time according to the underlying measure of progress. Milestone payments related to right-to-access licenses are allocated to satisfied and unsatisfied portions of the underlying performance obligation, as applicable. Consideration relating to already satisfied obligations is recognized as catch-up adjustments to revenue. Payment elements still to be earned are deferred as contract liabilities. Sales- or usage-based royalties agreed in connection with outlicensing arrangements are only recognized if the sale or the usage is sufficiently verified and the underlying performance obligation has been fulfilled.

In the Crop Science segment, Bayer conducts barter transactions in certain geographies to grant its customers longer payment terms while at the same time reducing the credit risk. For example, payment may be made in the form of a subsequent delivery of soybeans or corn, or crops may be pledged as collateral. Any commodity-price risk that Bayer is exposed to as a result is hedged using derivatives. Changes in the fair value of these derivatives are recognized in other operating income and expenses. If Bayer assumes control of goods (such as soybeans) instead of receiving a cash payment, their resale is accounted for in other operating income, and their derecognition in other operating expenses, since transactions of this nature do not form part of normal business operations.

Research and development expenses

Research expenses are recognized through profit or loss. Development expenses are only capitalized as internally generated intangible assets if the recognition criteria of IAS 38 (Intangible Assets) are met. These include sufficient certainty that the development activity will give rise to future financial cash flows that also cover the respective development expenses. Since our own development projects are often subject to regulatory approval procedures and other uncertainties, the conditions for the capitalization of costs incurred before receipt of approvals generally are not satisfied.

Development costs of software projects can be capitalized if the definitions and recognition criteria of IAS 38 are met, such as for interfaces or customer-specific codes in the context of software-as-a-service agreements for cloud applications. Capitalized development expenses are recognized at the cost of generation and amortized over their expected useful lives from the date of completion. Impairment testing is also performed on an annual or event-driven basis.

Income taxes

Income taxes comprise the taxes levied on taxable income in the individual countries along with changes in deferred tax assets and liabilities that are recognized in profit or loss. This also includes current income taxes resulting from tax laws that have come into force or been adopted to implement the Pillar Two Model Rules published by the Organisation for Economic Co-operation and Development (OECD). The income taxes recognized are reflected at the amounts likely to be payable under the statutory regulations in force, or already enacted in relation to future periods, at the end of the reporting period. Complex tax regulations may give rise to uncertainties with respect to their interpretation and the amounts and timing of future taxable income. Given the wide range of international business relationships and the long-term nature and complexity of existing contractual agreements, differences arising between the actual results and the assumptions made, or future changes to such assumptions, could necessitate adjustments to tax income and expense in future periods. Liabilities to tax authorities that are uncertain as to their amount and the probability of their occurrence are recognized as tax liabilities based on reasonable estimates. The amounts recognized are based on various factors, such as experience with previous tax audits and differing legal interpretations by the taxable entity and the responsible tax authority.

In compliance with IAS 12 (Income Taxes), deferred taxes are recognized for temporary differences between the carrying amounts of assets and liabilities in the statement of financial position prepared according to IFRS and their tax bases. Deferred taxes are also recognized for loss carryforwards, interest carryforwards and tax credits that are likely to be usable. Based on the exception stated in IAS 12.4A, deferred taxes related to Pillar Two are not recognized nor is information thereon disclosed. Deferred tax assets relating to deductible temporary differences, tax credits, loss carryforwards and interest carryforwards are recognized where it is probable that taxable income or sufficiently taxable temporary differences will be available in the future to enable them to be used. Deferred tax liabilities are recognized on temporary differences taxable in the future. Deferred taxes are calculated at the rates which – on the basis of the statutory regulations in force, or already enacted in relation to future periods, as of the closing date – are expected to apply in the individual countries at the time of realization. Deferred tax assets and deferred tax liabilities are offset if Bayer has a legally enforceable right to set off current tax assets against current tax liabilities and these are levied by the same taxation authority. Material effects of changes in tax rates or tax law on deferred tax assets and liabilities are generally accounted for in the period in which the changes are enacted. Such effects are recognized in profit or loss except where they relate to deferred taxes that were recognized outside profit or loss, in which case they are recognized in other comprehensive income or directly in equity.

Deferred and current taxes are recognized in profit or loss unless they relate to items recognized outside profit or loss in other comprehensive income, in which case they, too, are recognized in other comprehensive income or directly in equity. The probability that deferred tax assets resulting from temporary differences, loss carryforwards or interest carryforwards can be used in the future is the subject of forecasts by the individual consolidated companies regarding their future earnings situation and other parameters. Deferred tax liabilities are recognized on planned dividend payments by subsidiaries. Where no dividend payment is planned for the foreseeable future, no deferred tax liability is recognized on the difference between the proportionate net assets according to IFRS and the tax base of the investment in the subsidiary.

Goodwill

In a business combination, goodwill is capitalized at the acquisition date (see “Acquisition accounting”). Goodwill is not amortized but is tested for impairment at least annually or when there is an indication of possible impairment.

Other intangible assets

Other intangible assets are capitalized at the acquisition date at their cost of acquisition or generation. Those with a definite useful life are amortized on a straight-line basis over the following periods, except where their actual depletion demands a different amortization pattern.

B 3/3

Useful Lives of Other Intangible Assets	
Patents and technologies	8 to 30 years
Trademarks	10 to 35 years
Marketing and distribution rights, customer relationships	5 to 30 years
Production rights	14 to 19 years
Other rights	2 to 12 years

The expected useful lives of such assets and the amortization patterns are determined based on estimates of the period for which they will generate cash flows. In addition, a review is conducted as of each closing date to ascertain whether there are any indications of impairment, and impairment testing may then potentially be performed.

Should in-licensing result in payment obligations for the acquisition of intellectual property, this is capitalized as an intangible asset. If the transaction also includes research and development activities, the related share of consideration is deferred and recognized through profit and loss in accordance with the activities performed.

If separately capitalizable intangible assets are acquired within the scope of software projects (such as S/4HANA implementation), the related costs are capitalized accordingly.

Emission allowances and CO_2 certificates

Emission allowances meet the criteria of intangible assets and are not subject to amortization due to their indefinite useful life. If emission allowances are granted to the company free of charge by a statutory authority in connection with regulatory requirements, like the EU Emissions Trading System (EU ETS), no amount is recognized for emission allowances. If more emissions are emitted than the allocated emission allowances permit, additional allowances are purchased and recognized as intangible assets at cost. Corresponding provisions are recognized in the period in which the emissions are emitted and usually reflect the cost of acquisition of the emission certificates. If the emissions in a specific period exceed the corresponding emission allowances, this portion of the provision is measured at the current market value of the allowances. When the allowances are retired, the corresponding provisions are considered to have been utilized and the intangible assets are derecognized.

CO_2 certificates, including renewable energy credits, that are purchased or produced to meet our voluntary climate targets in connection with our greenhouse gas reduction program are recognized as intangible assets at their cost of acquisition or production and derecognized against the relevant functional costs when they are retired. If they are used in the production process or are intended for sale within the normal course of business, they are recognized in inventories. The certificates are usually immediately retired upon acquisition for offsetting purposes and recognized directly in functional costs.

Property, plant and equipment

Property, plant and equipment is initially recognized at the cost of acquisition or construction plus the estimated amounts of any redevelopment or decommissioning costs. Thereafter it is depreciated by the straight-line method over its expected useful life, except where use-related depreciation is more appropriate.

B 3/4

Useful Life of Property, Plant and Equipment	
Buildings	5 to 50 years
Plant installations and machinery	4 to 40 years
Furniture, fixtures and other equipment	2 to 15 years

A review is conducted as of each closing date to ascertain whether there are any indications of impairment. When assets are sold, closed down or scrapped, the difference between the net proceeds and the net carrying amount of the assets is recognized as a gain or loss in other operating income or expenses, respectively.

Grants and subsidies from third parties that serve to promote investment are reflected in the statement of financial position under other liabilities and amortized to income over the useful lives of the respective investments in property, plant or equipment, or in line with the terms of the grant or subsidy.

Investment property comprises land and buildings not being used for operational or administrative purposes. It is measured using the cost model. The fair value of this property reported in the Notes is primarily determined on the basis of internal valuations using the income approach, while that of undeveloped sites is mainly calculated using the market comparison approach.

Impairment testing

An impairment test is performed if there is an indication of possible impairment for an intangible asset, an item of property, plant and equipment, or a cash-generating unit or unit group to which goodwill has been allocated. Other intangible assets with an indefinite useful life (such as the Bayer Cross trademark), intangible assets that are not yet available for use (such as R&D projects) and cash-generating units or unit groups to which goodwill has been allocated are additionally tested annually for impairment.

A cash-generating unit is the smallest identifiable group of assets generating cash inflows that are largely independent of the cash inflows from other assets or groups of assets. The Bayer Group primarily regards product families as well as seeds and the corresponding traits as cash-generating units and subjects them to impairment testing. Goodwill is tested for impairment at the reporting segment level.

Impairment testing involves comparing the carrying amount of each cash-generating unit or unit group, intangible asset or item of property, plant and equipment to the recoverable amount, which is the higher of its fair value less costs of disposal or value in use. If the carrying amount exceeds the recoverable amount, an impairment loss must be recognized for the difference. In this case, an impairment loss is first recognized on any goodwill allocated to the cash-generating unit or unit group. Any remaining impairment loss is allocated among the other noncurrent nonfinancial assets in proportion to their carrying amounts, unless this is prohibited under any other rule. The resulting expense is reflected in the operating expense item in which the depreciation or amortization of the respective asset is recognized. The same applies to income from impairment loss reversals. Impairment losses recognized on goodwill are included in other operating expenses.

The recoverable amount is generally determined on the basis of the fair value less costs of disposal, taking into account the present value of the future net cash flows as market prices for the individual units are not normally available. These are forecasted on the basis of the Bayer Group's planning process (adjusted in fiscal 2024), which has a planning horizon of five years and includes exchange rate assumptions at the time of planning. Forecasting involves making assumptions, especially regarding future selling prices, sales volumes, costs, market growth rates and economic cycles. These assumptions are based on internal estimates along with external market studies. Where the recoverable amount is the fair value less costs of disposal, measurement is undertaken from the viewpoint of an independent market participant. Where the recoverable amount is the value in use, the object of valuation is measured as currently used. In either case, net cash flows beyond the planning period are determined on the basis of long-term business expectations using individually calculated growth rates. The fair value less costs of disposal is determined on the basis of unobservable inputs (Level 3).

The net cash inflows are discounted at a rate equivalent to the weighted average cost of equity and debt capital. To allow for the different risk and return profiles of the Bayer Group's principal businesses, the after-tax cost of capital is calculated separately for each reporting segment and certain cash-generating units and unit groups while taking into account regional focus areas, and a segment-specific capital structure is defined by benchmarking against comparable companies in the same industry sector. The cost of equity corresponds to the return expected by stockholders, while the cost of debt is based on the conditions on which comparable companies can obtain long-term financing. Both components are derived from capital market information.

Although the estimates of the useful lives of certain assets, assumptions concerning the macroeconomic environment and industry developments, and estimates of the discounted future cash flows are believed to be appropriate, changes in assumptions or circumstances could require changes in the carrying amounts. This could lead to the recognition of additional impairment losses in the future or – except in the case of goodwill – to reversals of previously recognized impairment losses.

Leases

A lease is established by a contract that conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

As lessee, Bayer generally recognizes the present value of the future lease payments as a financial liability. The lease payments are split into principal and interest portions according to the effective-interest method. In line with this and taking into account any further cost components, the right-of-use asset (the asset that reflects the right to use the underlying asset) is capitalized under property, plant and equipment at the inception of the lease. The right-of-use asset is recognized at amortized cost and depreciated by the straight-line method.

Use is made of the recognition exemptions for certain leases in which the underlying assets are of low value and also for short-term leases. The lease payments under these contracts are recognized as other operating expenses on a straight-line basis over the lease term or – if relevant – in the production costs of inventories.

Bayer exercises the accounting policy option under IFRS 16 (Leases) available for lessees not to apply this standard to leases of intangible assets.

For certain contracts with both lease and nonlease components, Bayer as lessee applies the practical expedient not to separate these components but to recognize them collectively as a single lease component.

Payments under intra-Group leases are generally presented as expenses or income in segment reporting in line with the internal reporting system.

Lease contracts in which Bayer acts as the lessor and substantially all the risks and rewards of utilizing the underlying asset are transferred to the lessee are classified as finance leases. The net investment in the lease is recognized as a receivable. In the case of operating leases where Bayer is the lessor, the leased assets continue to be capitalized, and the lease payments are recognized in income on a straight-line basis over the lease term.

Financial assets

Financial assets comprise receivables, acquired equity and debt instruments, cash and cash equivalents, and derivatives with positive fair values. A financial asset is initially recognized on the settlement date at fair value, plus transaction costs in most cases.

The classification and measurement of financial assets is based in each case on the business model and the characteristics of the cash flows. Trade accounts receivable and other debt instruments are measured at amortized cost using the effective-interest method, at fair value through profit or loss (such as money market funds and effective initial funds) or at fair value through other comprehensive income (such as trade accounts receivable that can potentially be transferred as part of factoring agreements). Equity instruments are generally held for medium- to long-term strategic purposes and are therefore measured at fair value through other comprehensive income. Otherwise, they are measured at fair value through profit or loss, like for example the shares in Century Therapeutics, Inc., United States, and Pyxis Oncology, Inc., United States.

Under the simplified impairment model, a default on receivables measured at amortized cost using the effective-interest method that is expected over the respective term (stage 2 of the impairment model) is determined for trade accounts receivable based on portfolio-specific default rates. These expected default rates are mainly based on the average defaults on receivables in recent years. These default rates are adjusted during the year for the respective customer portfolio if a significant change in the default rate is expected in the future. In determining the expected default rates, we take into account the business model, the respective customer and the economic environment of the geographic region. This is achieved by applying specific default rates for the individual Group companies and, in the case of smaller companies, making a standard calculation in countries with a comparable credit risk. Further differentiation is achieved by taking into account the segments' various customer groups. Throughout the Bayer Group, customers are also assigned to risk classes with different expected default rates depending on their individual credit risk assessments.

Where action such as insolvency or comparable proceedings has been initiated against a defaulter or other objective indications exist that receivables are impaired (such as a considerable worsening of creditworthiness or a financial restructuring), the receivables are individually tested for impairment (stage 3 of the impairment model). In addition, all receivables more than 90 days past due are individually tested for impairment during the year.

For other financial assets measured at amortized cost, the expected credit losses that would result from potential default events within the next 12 months – as determined using the Monte Carlo simulation method – are recognized through profit or loss on first-time recognition and on subsequent measurement (stage 1 of the impairment model). In the event of a significant increase in the default risk, which is defined as a more than 0.25% increase in the probability of default with respect to the default risk on first-time recognition, assets are reclassified to stage 2 of the impairment model, taking into account the expected credit losses over the respective asset maturities. An impairment loss is recognized if there are objective indications of an impairment.

Financial assets are derecognized when contractual rights to receive cash flows from the financial assets expire or the financial assets were transferred together with all material risks and benefits. Receivables are also derecognized if they have been finally assessed as irrecoverable and we have ceased efforts to collect them following the completion of insolvency proceedings, for example. Receivables are not derecognized while they remain subject to enforcement.

Inventories

Inventories are recognized at their cost of acquisition or production (production-related full costs) – calculated by the weighted-average method – or at their net realizable value, whichever is lower.

Cash and cash equivalents

Cash includes cash in hand, checks received and balances with banks and companies. Cash equivalents are financial investments with maximum maturities of three months from the acquisition date that are subject to no more than insignificant fluctuations in value and will give rise to predefined cash inflows. Cash and cash equivalents are measured at amortized cost.

Provisions for pensions and other post-employment benefits

Within the Bayer Group, post-employment benefits are provided under defined contribution and/or defined benefit plans. In the case of defined contribution plans, the company pays contributions to publicly or privately administered pension plans on a mandatory, contractual or voluntary basis. Once the contributions have been paid, the company has no further payment obligations. The regular contributions constitute operating expenses and as such are included in the respective income statement items.

All remaining commitments under pension and other post-employment benefit plans are measured in terms of the defined benefit obligation (DBO) using the projected unit credit method, with entitlements already earned being measured at the present value of the DBO. This is based on factors such as expected future salary and pension increases, changes in healthcare costs, mortality rates and beneficiary structure. The uniform discount rates are based on the yields of high-quality bond portfolios (AA-rated corporate bonds) in specific currencies, extrapolated where necessary to cover the future period for which sufficiently accurate bond yields are not available. Where there is insufficient empirical data on corporate bond yields with longer-term residual maturities, the yield structure is derived from government bond yields plus spread to reflect the higher risk of default. The bond portfolios consist of bonds with weighted residual maturities approximately equal to the duration of the expected disbursements from the pension plans. The pension service cost and the net interest on the net liability are determined on the basis of the assumptions as of the previous closing date.

For funded obligations, the net liability is determined by deducting the fair value of plan assets. The obligations and plan assets are measured at regular intervals. Where no quoted prices for plan assets exist in active markets, their fair values are determined by applying the usual measurement methods and on the basis of freely accessible data such as interest rate curves and credit spreads. The net defined benefit asset is recognized in other receivables.

Current and past service cost and effects of plan settlements are recognized in operating income. The net interest on the net liability is reflected in the financial result under other financial income and expenses. The effects of remeasurements of the net defined benefit liability are reflected in the statement of comprehensive income as other comprehensive income. They consist of actuarial gains and losses, the return on plan assets and changes in the effects of the asset ceiling, less the amounts included in net interest and related deferred taxes.

Other provisions

Other provisions are recognized for present legal and constructive obligations arising from past events that will probably give rise to a future outflow of resources, provided that a reliable estimate can be made of the amount of the obligations. They are established at the present value of the expected future cash outflows and recognized in the respective operating expense items. The interest cost is reflected in the financial result under other financial income and expenses. If the projected obligation declines as a result of a change in the estimate, the provision is reversed by the corresponding amount and the resulting income recognized in the operating expense item(s) in which the original charge was recognized.

Costs arising from obligations to decommission or dismantle property, plant and equipment are included as a component of the acquisition or construction costs for property, plant or equipment if they can be reliably estimated, and are covered by provisions. If changes in the estimates require the provisions to be adjusted, the carrying amounts of the respective assets are reduced or increased accordingly.

Estimating the future costs for environmental protection and similar measures involves, in particular, uncertainties with regard to the applicable laws and regulations and the actual local conditions. Significant factors in estimating the costs include previous experiences in similar cases, expert opinions, current costs and new developments affecting costs, management's interpretation of current environmental regulations, the financial position of third parties that may become obligated to participate in any remediation costs on the basis of joint liability, and the remediation methods likely to be deployed. Changes in these assumptions could impact future reported results of the Group. Taking into consideration the experience gained to date and the knowledge and circumstances as of the closing date, provisions are believed to be adequate. However, material additional costs could be incurred beyond the amounts accrued that result in additional expenses in subsequent periods.

Provisions for employee termination benefits are established where the amounts of severance payments, additional pension plan modules to be granted or other benefits can be reliably estimated. However, material additional costs could be incurred beyond the amounts accrued that result in additional expenses in subsequent periods.

Obligations arising from stock-based programs that involve cash settlement pursuant to IFRS 2 (Share-based Payment) are covered by provisions in the amount of the fair value of the obligations existing as of the closing date. All resulting changes in value are recognized in profit or loss.

Provisions for litigations are established under certain conditions in the case of legal risks. Litigations and other judicial proceedings often raise complex issues and are subject to many uncertainties and complexities including, but not limited to, the facts and circumstances of each particular case, the jurisdiction in which each suit is brought and differences in applicable law. The outcome of any current or future proceedings cannot normally be predicted. It is particularly difficult to assess the likely outcomes of class actions for damages or mass compensation claims in the United States, which may give rise to significant financial risks for the Bayer Group. As a result of a final judgment in court proceedings, regulatory decisions or the conclusion of a settlement, the Bayer Group may incur charges for which no accounting measures have yet been taken for lack of reasonable estimability or which exceed presently established provisions and the insurance coverage.

The Bayer Group considers the need for accounting measures in respect of pending or future litigations, and the extent of any such measures, on the basis of the information available to its legal department and in close consultation with legal counsel acting for the Bayer Group. Where it is more likely than not that such a litigation will result in an outflow of resources that is already reasonably estimable, a provision for litigation is recorded in the amount of the present value of the expected cash outflows. Such provisions cover the estimated payments to the plaintiffs, court and procedural costs, attorney costs and the cost of potential settlements.

It is sometimes impossible to reliably determine the existence of a present obligation or reasonably estimate the probability that a potential outflow of resources will result from a pending or future litigation. The status of the material "legal risks" is described in Note [30]. Due to the special nature of these litigations, provisions generally are not established until initial settlements allow an estimate of potential amounts or judgments have been issued. Provisions for legal defense costs are established if it is probable that material costs will have to be incurred for external legal counsel to defend the company's legal position.

Internal and external legal counsel evaluate the current status of the Bayer Group's material legal risks at the end of each reporting period. The need to establish or adjust a provision and the amount of the provision or adjustment are determined on this basis. Adjusting events are reflected up to the date of preparation of the Consolidated Financial Statements. The measurement of provisions in the case of class actions or mass compensation claims is mainly based on any settlements reached during the past year and on pending or anticipated future claims. With respect to the proceedings outlined in Note [30] "Legal risks", further information on litigations, estimated financial effects, uncertainties and contingent liabilities, as well as the recognition and amounts of individual provisions, can be withheld under IAS 37.92 if disclosing it could significantly prejudice the company's position.

Financial liabilities

Financial liabilities are generally measured at amortized cost using the effective-interest method. Derivatives with negative fair values, liabilities for contingent consideration in business combinations and liabilities designated at fair value through profit or loss are measured at fair value.

Financial liabilities are derecognized when the contractual obligation is discharged or canceled, or has expired.

A supply chain financing program (also known as reverse factoring) is used in the Bayer Group that enables suppliers to choose to have individual invoices paid prior to their due date. As part of such programs, the supplier concludes a financing agreement with a bank or platform operator without Bayer's involvement and, upon request, is paid the invoice amount by the bank in advance less an interest component. Bayer generally pays the invoice amount to the bank when due; the payment deadlines lie within the usual scope for the industry. Bayer has assessed these programs based on various criteria and concluded that the associated liabilities retain the character of trade accounts payable. The related payments to the bank are therefore classified as a cash outflow from operating activities.

Derivatives

The Bayer Group uses derivatives to mitigate the risk of changes in exchange rates, interest rates or commodity prices (such as for soybeans and corn) and to hedge the stock-based compensation programs issued until 2020 and as of 2024. The instruments used include forward exchange contracts, interest-rate swaps, forward commodity contracts and forward stock transactions. Derivatives are recognized at the trade date and are remeasured to fair value on each closing date. Positive fair values are reflected in financial assets, negative fair values in financial liabilities.

Contracts for the purchase and sale of nonfinancial items (such as raw material supply contracts) that are concluded for the company's own purposes are treated as pending transactions under the own-use exemption and not accounted for as derivatives. Other contracts for the purchase and sale of nonfinancial items are accounted for as derivatives at fair value through profit or loss under certain conditions (such as nonfulfillment of own-use exemption).

Where embedded derivatives are identified in contracts, they are assessed for any close economic relationship with the host contract. If no such relationship is found, they are accounted for separately as derivatives. Embedded derivatives that are contained in financial assets are not separated; instead, the entire instrument is measured at fair value through profit and loss.

Such host contracts are generally sale or purchase agreements relating to the operational business. The embedded derivatives cause the cash flows from the contracts to vary with exchange-rate or price fluctuations, for example. The internal measurement of embedded derivatives is performed using appropriate valuation models, such as discounted cash flow models, which are based on unobservable inputs (Fair Value Level 3). The relevant models include planned sales and purchase volumes, and prices derived from market data. Fair value changes over the contract term are recognized in other operating income or expenses.

Derivatives are recognized at fair value through profit or loss unless they qualify for hedge accounting. This mainly applies to the exchange hedging of accounting risks, the effects of which are reflected in other financial income and expenses as exchange gains or losses.

The effective portion of derivatives designated as cash flow hedges is initially recognized outside profit or loss in other comprehensive income. Depending on the circumstances, the effective portion of the hedging relationship is determined according to the critical terms match method, the dollar offset method or a regression analysis. Any ineffective portions are recognized directly in profit or loss. Only when the hedged item is recognized through profit or loss is the effective portion of the hedging instrument also recognized in the income statement.

The effective portion of the hedging instrument is recognized under the cost of goods sold in the case of commodity futures and options that hedge purchase prices, under sales in the case of commodity futures that hedge selling prices, and in interest income or expense in the case of interest-rate hedges. The effects of the hedging of forecasted sales transactions in foreign currencies are recognized in other operating income or expenses at the time of revenue recognition. The hedging of stock-based employee compensation is recognized accordingly in the respective operating expense items of “Enabling Functions and Consolidation” over the duration of the Aspire programs.

Changes in the fair values of derivatives designated as fair value hedges are recognized in income along with the adjustments in the carrying amounts of the hedged items. The effects of interest-rate hedges are reflected in interest income or expense.

Acquisition accounting

An acquisition is a transaction or other event that involves the purchase of an integrated set of activities and assets that include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs. Acquired businesses are accounted for using the acquisition method, which in principle requires that the assets acquired and liabilities assumed be recorded at their respective fair values on the date Bayer obtains control. The difference between the consideration transferred (plus the fair value of the pre-existing equity interest in the acquiree in the case of step acquisitions) and the fair values of the acquired assets and assumed liabilities is recognized as goodwill. The results of foreign currency cash flow hedges are factored into the translation of foreign currency purchase price payments. For significant acquisitions, the purchase price allocation is carried out with assistance from independent third-party valuation specialists. The related valuations are based on the information available at the acquisition date. Ancillary acquisition costs are recognized as expenses in the periods in which they occur.

The transferred consideration can include contingent consideration that is payable to the previous owners of the acquired company following the acquisition date upon reaching certain milestones, such as progress in the trial or regulatory approval process or surpassing certain sales thresholds. This is recognized at fair value as part of the consideration transferred for the acquired company and is generally recognized as a financial (purchase price) liability. All changes in fair value after the acquisition date are recognized under EBIT in the Consolidated Financial Statements. However, changes in the fair value of the contingent consideration that are based on circumstances already existing on the date of acquisition are adjusted outside profit or loss within the measurement period of 12 months.

The application of the acquisition method requires certain estimates and assumptions to be made, especially concerning the fair values of the acquired intangible assets, property, plant and equipment and the liabilities assumed at the acquisition date, and the useful lives of the acquired intangible assets, property, plant and equipment. Measurement is based to a large extent on anticipated cash flows. If actual cash flows vary from those used in calculating fair values, this may materially affect the Group's future results of operations. In particular, the estimation of discounted cash flows from intangible assets under development, patented and nonpatented technologies, customer relationships and brands is based on assumptions concerning, for example:

// The outcomes of R&D activities regarding the efficacy of a crop protection product, trait, seed or drug development candidate, and results of clinical trials
// The probability of obtaining regulatory approvals in individual countries
// Long-term sales projections
// Possible selling price erosion due to offerings of unpatented products following patent expirations
// The behavior of competitors (launch of competing products, marketing initiatives, etc.)

If the assets acquired do not constitute a business, the individually identifiable assets acquired and liabilities assumed are recognized. The acquisition costs are allocated to the individual assets and liabilities at the acquisition date based on their fair values. Such a transaction or event does not result in goodwill. This also applies if the optional concentration test finds that the transaction in question does not constitute the acquisition of a business.

Divestment accounting

Divestments of shares in subsidiaries that result in a loss of control are generally accounted for in profit or loss. When shares in a subsidiary are gradually divested in several tranches, a reduction in the majority shareholding without the loss of control is reflected outside profit or loss and results in an increase in the equity attributable to noncontrolling interest. After the loss of control, the interest remaining at the time of the loss of control is recognized at fair value.

Impact of the macroeconomic situation

In 2024, Bayer was impacted particularly by the geopolitical situation, inflation and the development of interest rates.

The Group's sales and earnings as well as its financial position and results of operations were only marginally impacted by the war in Ukraine and its direct consequences in 2024. Together, Russia and Ukraine accounted for about 3% of our sales in 2024. As in the previous year, we did not register any major increase in past-due receivables in Russia or Ukraine. Based on a risk analysis conducted at the level of individual customers, there were no significant write-downs of receivables.

As in the previous year, the stability of international payment transactions involving Russia was still subject to considerable uncertainties, and we are continually evaluating suitable risk mitigation measures. Despite increasing payment restrictions, we are still able to carry out all transactions.

We are continually analyzing the future direct and indirect effects of economic developments and sanctions on the valuation of individual assets and liabilities.

The conflict in the Middle East did not have a material impact on Group sales and earnings, the financial position or the results of operations in 2024.

Energy procurement costs fell by around 16.6% (approximately €130 million) year on year in 2024. We will continue to monitor global-market and political developments.

Inflation and the associated interest rates had an impact on the impairment testing of our intangible assets and property, plant and equipment (see Note [14]), the measurement of pension provisions (see Note [22]) and other long-term obligations, as well as financial instruments (see Note [27]).

Beyond this, we did not see any material financial impact in 2024.

Impact of climate-related matters

Climate change can give rise to estimation uncertainties and risks with respect to accounting and the possible effects on Bayer's financial position and results of operations.

Due to their potential impact on our financial position and results of operations, climate-related risks are included in our Group-wide enterprise risk management (ERM) system. In addition, we are conducting a continuous analysis of the impact of climate change on our business operations as well as activities in upstream and downstream value chains. The dimensions of climate-change impact analyzed include both drivers of transition effects as well as drivers of immediate and long-term physical effects. Physical climate-related risks can arise as a result of shifts in general climate conditions, while transition climate-related risks may result for companies from the transition toward a low-carbon economy.

The climate models we have analyzed project that, over the long term, there will be an increase in extreme weather conditions (such as droughts, heavy rains and storms) in terms of frequency and intensity, as well as a shift in climate zones. Potential financial consequences resulting for our sites due to climate-related natural events are hedged through insurance coverage to the extent customary in the industry.

In 2024, climate-related matters did not necessitate any changes to the expected useful lives of Group assets, such as due to changing regulatory requirements or climate-related natural events. Likewise, physical or transition-related climate risks did not lead to any significant material depreciation or amortization. We are committed to continuously developing our portfolio of assets by investing in sustainable technologies in order to reduce greenhouse gas emissions.

The shift in climate zones also presents an elevated risk of crop losses and thus risks for the agricultural value chain as a whole. Weather and climate effects are of particular significance for the Crop Science Division and its downstream value chain in crop cultivation. We are working to advance climate change adaptation while also aiming to counteract changing environmental conditions through innovation and new approaches in order to help strengthen climate resilience. The objective is to offer solutions that put our customers, particularly in agriculture, in a better position to overcome the challenges.

Transforming our product portfolio and leveraging new business models is therefore part of our Transition and Transformation Plan (see Management Report A 4.2.2 “Climate Change”). Our efforts to support climate change adaptation can be seen in our innovative plant breeding activities, for example. Our Preceon™ Smart Corn System, for instance, produces hybrid seed varieties that grow into short-stature corn crops that potentially do not bend or break as easily as standard-height corn in strong winds or heavy rain, thus minimizing crop losses. We completed the first market launch of our Preceon™ Smart Corn System in 2024. Our business planning takes account of research and development expenses for product innovations that can help adapt our business model to the impacts of climate change. Planned product launches are included in our product innovation pipeline (see Management Report A 1.3 “Focus on Innovation”).

Our Transition and Transformation Plan also focuses on the continual reduction of greenhouse gas emissions at our company and across our entire value chain to help limit global warming to 1.5°C in accordance with the UN Sustainable Development Goals and the Paris Agreement. Through our Transition and Transformation Plan, we aim to reach net zero emissions, including throughout our entire value chain, by 2050 or earlier. This means we are targeting a 90% reduction in overall greenhouse gas emissions in our own operations (Scope 1 and 2) and across our value chain (Scope 3) compared with the 2019 baseline. We aim to offset the remaining emissions through certificates involving long-term carbon capture.

Bayer is looking to become carbon-neutral at all of its sites (Scope 1 and 2) by 2030. By the end of 2029, we aim to reduce our greenhouse gas emissions in our own operations by 42% (in absolute terms) compared with the 2019 baseline. This includes direct (Scope 1) and indirect (Scope 2, market-based) emissions produced by Bayer sites with an annual energy consumption in excess of 1.5 terajoules. We will offset all of the remaining greenhouse gas emissions from our own operational processes by 2030 by purchasing certificates from verified climate protection projects, primarily in forestry, forest restoration and agriculture.

In 2020, we set ourselves the target of achieving a 12.3% reduction (in absolute terms) in Scope 3 greenhouse gas emissions by 2029 compared with the 2019 baseline. The reduction pertains to the five categories of Scope 3 emissions that are relevant for us: (3.1) purchased goods and services, (3.2) capital goods, (3.3) fuel- and energy-related activities, (3.4) upstream transportation and distribution, and (3.6) business travel. Moving forward, we now aim to reduce our Scope 3 greenhouse gas emissions by 25% by 2029. This reduction will pertain to an increased number of relevant Scope 3 categories including the upstream and downstream value chains, and thus over and above the five categories used to date.

An important lever for achieving our climate targets is the purchase of electricity from renewable sources. By 2029, we aim to ensure 100% of the electricity we procure is from renewable energy sources. We therefore conclude direct supply agreements for electricity from renewable energy sources or purchase corresponding renewable energy credits. We have a long-term structured renewable energy credit (REC) purchase agreement in place in the United States under which up to 1.4 TWh of renewable energy will be generated annually and accordingly up to 1.4 million RECs can be acquired by us annually. The agreement is intended to secure 40% of Bayer’s global and 60% of Bayer’s US-purchased electricity demand out of renewable sources. The contract is designed as a contract of difference between fixed strike prices and energy prices. According to the agreement, full capacity is expected to be reached during 2028. The agreement has an initial remaining term of 20 years after the launch of full-capacity operations. As operations of the facilities have not yet started, no RECs were purchased yet in 2024 under the agreement (see Note [27] for more information).

In addition, we actively participate in the voluntary carbon market, where we both purchase carbon offsets from verified climate protection projects as well as provide our own carbon offsets. In 2024, we offset around 0.7 million metric tons of CO_2 equivalents (2023: 0.6 million metric tons) via external projects to achieve climate neutrality at our sites. Besides the voluntary carbon market, we also participate in mandatory emissions trading, like the EU Emissions Trading System (EU ETS). For further information on how carbon credits and offsets are accounted for, see Note [3].

In connection with the implementation of the Transition and Transformation Plan, the Crop Science Division's medium-term planning contains climate-related investments in buildings, facilities, processes and research and development, as well as investments to establish new business models. These investments are also taken into account in impairment testing. Since the risks and opportunities from the impact of climate change are balanced, there is currently no need to revise the long-term growth rate. Based on currently available information, there are no indications that additional impairment losses will be required over and above the impairment losses already recognized (see Note [14]).

We are continuing to monitor the risks from climate-related matters and to develop innovative and sustainable methods to minimize these risks. Taking the latest information and assumptions into account, we do not currently see any fundamentally changed expectations with regard to the Group's financial position or results of operations.

4. Segment reporting

At Bayer, the Board of Management – as the chief operating decision maker – allocates resources to the operating segments and assesses their performance. The reportable segments and regions are identified, and the disclosures selected, in line with the internal financial reporting system (management approach) and based on the Group accounting policies outlined in Note [3].

As of December 31, 2024, the Bayer Group comprised the three reportable segments Crop Science, Pharmaceuticals and Consumer Health. Their activities are as follows:

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Activities of the Segments

Segment	Activities
Crop Science	Development, production and marketing of a broad portfolio of products in seeds and plant traits, crop protection, digital solutions and customer services to promote sustainable agriculture
Pharmaceuticals	Development, production and marketing of prescription products, especially for cardiology and women's health; specialty therapeutics in the areas of oncology, hematology, ophthalmology and – in the medium term – cell and gene therapy; diagnostic imaging equipment and the necessary contrast agents
Consumer Health	Development, production and marketing of mainly nonprescription (OTC = over-the-counter) products in the dermatology, nutritional supplements, digestive health, allergy, cough and cold, and pain and cardiovascular risk prevention categories

Information on other business activities and segments that are not reportable is provided under "All Other Segments." The revenue sources here mainly comprise income from marketing rights and from catering services.

The information provided under "Enabling Functions and Consolidation" mainly relates to Group-wide competence centers and business support services as well as "Leaps by Bayer," which focuses on the development of crucial, cross-species innovations. "All Other Segments" and "Enabling Functions and Consolidation" in the Management Report are combined under the Reconciliation. It also includes the increase or decrease in expenses for Group-wide long-term stock-based compensation (Aspire) arising from fluctuations in the performance of Bayer stock and other factors, and the consolidation of intersegment sales (2024: €91 million; 2023: €57 million). Also recognized are gains and losses incurred upon the ongoing hyperinflation of nonmonetary assets and liabilities and of equity under IAS 29 for Bayer S.A. in Argentina and for Bayer Türk Kimya Sanayii Limited Sirketi, Monsanto Gida Ve Tarim Ticaret Ltd Sirketi and Bayer Tohumculuk ve Tarim Limited Sirketi in Turkey. Included here in addition are income and expenses resulting from certain contingent liabilities unrelated to the current business along with those pertaining to the comparable central functions of the acquired Monsanto Group. Chief among the latter are the matters relating to lawsuits concerning polychlorinated biphenyls (PCBs) referred to in Note [30], "Legal risks".

In 2024, the Crop Science segment recorded income of €98 million attributable to property and business interruption insurance coverage in connection with a damage claim. This was offset by an equal expense in "All Other Segments" due to a contractually stipulated intra-Group insurance obligation. Provisions for impending losses in connection with restructuring measures in the segment "Enabling Functions and Consolidation" led to expenses of €43 million in 2024.

The segment data is calculated as follows:

// The intersegment sales reflect intra-Group transactions effected at transfer prices fixed on an arm's-length basis.
// The net cash provided by operating activities is the cash flow from operating activities as defined in IAS 7 (Statement of Cash Flows).
// Leases between fully consolidated companies continue to be recognized as operating leases under IAS 17 within the segment data in the Consolidated Financial Statements of the Bayer Group even after the first-time application of IFRS 16 as of January 1, 2019. This does not have any relevant impact on the respective key data used in the steering of the company and internal reporting to the Board of Management as the chief operating decision maker.

The key data by segment is as follows:

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Key Data by Segment

	Crop Science		Pharmaceuticals		Consumer Health	
€ million	**2023**	**2024**	**2023**	**2024**	**2023**	**2024**
Net sales (external)	23,270	22,259	18,081	18,131	6,027	5,870
Currency- and portfolio-adjusted change[1]	–3.7%	–2.0%	–0.4%	+3.3%	+6.3%	+1.9%
Intersegment sales	19	47	30	38	7	5
Net sales (total)	23,289	22,306	18,111	18,169	6,034	5,875
EBIT[1]	(3,486)	(2,756)	3,971	2,790	1,158	1,028
EBITDA before special items[1]	5,038	4,325	5,189	4,722	1,411	1,366
EBITDA margin before special items[1]	21.7%	19.4%	28.7%	26.0%	23.4%	23.3%
ROCE[1]	–6.6%	–5.9%	14.7%	10.1%	9.1%	8.0%
Net cash provided by operating activities	1,850	3,197	3,409	3,995	951	921
Capital expenditures (newly capitalized)	1,601	1,451	1,212	1,293	171	206
Depreciation, amortization and impairments	8,454	6,722	1,050	1,554	210	236
of which impairment losses	8,671	4,504	142	619	4	62
of which impairment loss reversals	2,589	248	0	0	155	202
Clean depreciation and amortization[1]	2,490	2,665	994	1,354	363	397
Cost of goods sold	13,446	14,088	4,201	4,848	2,100	2,080
Selling expenses	4,113	4,485	6,053	6,491	2,389	2,379
Research and development expenses	1,896	2,611	3,327	3,366	224	254

[1] For definition see A 2.3 "Alternative Performance Measures Used by the Bayer Group."

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Key Data by Segment

	All Other Segments		Enabling Functions and Consolidation[2]		Group	
€ million	2023	2024	2023	2024	2023	2024
Net sales (external)	238	327	21	19	47,637	46,606
Currency- and portfolio-adjusted change[1]	+9.1%	+34.5%	–	–	–1.2%	+0.7%
Intersegment sales	1	1	(57)	(91)	–	–
Net sales (total)	239	328	(36)	(72)	47,637	46,606
EBIT[1]	96	(11)	(1,127)	(1,122)	612	(71)
EBITDA before special items[1]	163	62	(95)	(352)	11,706	10,123
EBITDA margin before special items[1]	–	–	–	–	24.6%	21.7%
ROCE[1]	–	–	–	–	0.7%	–0.1%
Net cash provided by operating activities	–	–	–	–	5,117	7,368
Capital expenditures (newly capitalized)	105	71	241	237	3,330	3,258
Depreciation, amortization and impairments	67	73	239	198	10,020	8,783
of which impairment losses	–	1	38	2	8,856	5,188
of which impairment loss reversals	–	–	0	3	2,745	453
Clean depreciation and amortization[1]	67	73	203	198	4,117	4,687
Cost of goods sold	109	282	(107)	(28)	19,749	21,270
Selling expenses	21	25	(94)	(16)	12,482	13,364
Research and development expenses	7	5	(83)	(27)	5,371	6,209

[1] For definition see A 2.3 “Alternative Performance Measures Used by the Bayer Group.”
[2] The figures presented here are the unallocated components of the Enabling Functions.

Reconciliations

The reconciliation of EBITDA before special items, EBIT before special items and EBIT to Group income before income taxes is given in the following table:

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Reconciliation of Segments’ EBITDA Before Special Items to Group Income Before Income Taxes

€ million	2023	2024
EBITDA before special items of segments	11,801	10,475
EBITDA before special items of Enabling Functions and Consolidation	(95)	(352)
EBITDA before special items[1]	**11,706**	**10,123**
Depreciation, amortization and impairment losses/loss reversals before special items of segments	(3,914)	(4,489)
Depreciation, amortization and impairment losses/loss reversals before special items of Enabling Functions and Consolidation	(203)	(198)
Depreciation, amortization and impairment losses/loss reversals before special items	**(4,117)**	**(4,687)**
EBIT before special items of segments	7,887	5,986
EBIT before special items of Enabling Functions and Consolidation	(298)	(550)
EBIT before special items[1]	**7,589**	**5,436**
Special items of segments	(6,148)	(4,935)
Special items of Enabling Functions and Consolidation	(829)	(572)
Special items[1]	**(6,977)**	**(5,507)**
EBIT of segments	1,739	1,051
EBIT of Enabling Functions and Consolidation	(1,127)	(1,122)
EBIT[1]	**612**	**(71)**
Financial result	(2,233)	(2,263)
Income before income taxes	**(1,621)**	**(2,334)**

[1] For definition see A 2.3 “Alternative Performance Measures Used by the Bayer Group.”

Information on geographical areas

The following table provides a regional breakdown of external sales by market and of intangible assets, property, plant and equipment:

B 4/4

Information on Geographical Areas

	Net sales (external) by market		Intangible assets and property, plant and equipment	
€ million	2023	2024	2023	2024
Europe/Middle East/Africa	14,086	13,980	23,979	23,726
of which Germany	2,448	2,410	15,197	15,138
of which Switzerland	567	575	4,324	4,428
North America	16,254	16,477	40,579	38,009
of which United States	14,587	14,796	39,516	37,115
Asia/Pacific	8,369	8,071	1,664	1,441
of which China	3,624	3,600	695	579
Latin America	8,928	8,078	2,761	2,408
of which Brazil	4,967	4,317	1,466	1,070
Total	**47,637**	**46,606**	**68,983**	**65,584**

Information on major customers

Revenues from transactions with a single customer in no case exceeded 10% of Bayer Group sales in 2024 or 2023.

Information on strategic business entities, products and categories

The following tables provide a breakdown of sales by strategic business entity in the Crop Science segment, by product in the Pharmaceuticals segment, and by category in the Consumer Health segment.

B 4/5

Sales by Strategic Business Entity – Crop Science

€ million	2023	2024
Crop Science	**23,270**	**22,259**
Corn Seed & Traits	6,857	6,559
Herbicides	5,926	5,468
Fungicides	3,444	3,157
Soybean Seed & Traits	2,571	2,475
Insecticides	1,596	1,640
Cotton Seed	575	585
Vegetable Seeds	735	772
Other	1,566	1,603

B 4/6

Sales by Product – Pharmaceuticals

€ million	2023	2024
Pharmaceuticals	**18,081**	**18,131**
Xarelto™	4,081	3,480
Eylea™	3,231	3,306
Nubeqa™	869	1,523
Mirena™/Kyleena™/Jaydess™	1,209	1,267
Adempas™	660	721
Kogenate™/Kovaltry™/Jivi™	738	687
YAZ™/Yasmin™/Yasminelle™	670	658
Aspirin™ Cardio	626	634
CT Fluid Delivery	518	562
Ultravist™	474	490
Adalat™	563	489
Kerendia™	270	463
Stivarga™	523	463
Gadovist™ product family	463	428
Betaferon™/Betaseron™	232	192
Other	2,954	2,768

B 4/7

Sales by Category – Consumer Health

€ million	2023	2024
Consumer Health	**6,027**	**5,870**
Nutritionals	1,432	1,375
Allergy & Cold	1,433	1,252
Dermatology	1,352	1,438
Pain & Cardio	873	830
Digestive Health	878	938
Other	59	37

5. Scope of consolidation; subsidiaries and affiliates

5.1 Changes in the scope of consolidation

Changes in the scope of consolidation in 2024 were as follows:

B 5.1/1

Change in the Number of Consolidated Companies

Bayer AG and consolidated companies	Germany	Other countries	Total
January 1, 2024	42	298	340
Changes in scope of consolidation	(3)	(46)	(49)
Additions[1]	–	1	1
Retirements	–	(1)	(1)
December 31, 2024	**39**	**252**	**291**

[1] Acquisitions, newly established companies and acquisition of control

In conjunction with the acquisition of the consumer care business of Merck & Co., Inc., United States, Bayer entered into a strategic collaboration with that company in 2014. This collaboration is included in the Consolidated Financial Statements as a joint operation. Bayer and Merck & Co., Inc., have mutually agreed

to collaborate on the development, production, life-cycle management and marketing of active ingredients and products in the field of soluble guanylate cyclase (sGC) modulation.

In addition, shares in 43 (2023: 42) associates and four (2023: four) joint ventures were accounted for in the Consolidated Financial Statements using the equity method. Details of these companies are given in Note [16].

A total of 51 (2023: 54) subsidiaries, including one (2023: one) structured entity and nine (2023: nine) associates or joint ventures that in aggregate are immaterial to the Bayer Group's financial position and results of operations are neither consolidated nor accounted for using the equity method, but are recognized at fair value. The immaterial subsidiaries accounted for less than 0.2% of Group sales, less than 0.3% of equity and less than 0.2% of total assets.

Details of the companies included in the Consolidated Financial Statements, the subsidiary and affiliated companies of the Bayer Group pursuant to Section 313, Paragraph 2 of the German Commercial Code (HGB), and a list of domestic subsidiaries that availed themselves in 2024 of certain exemptions granted under Section 264, Paragraph 3, and Section 264b of the German Commercial Code (HGB), are included in the Consolidated Financial Statements that have been audited and sent for entry into the Company Registry. This information can also be accessed at www.bayer.com/shareownership2024

5.2 Business combinations and other acquisitions

Acquisitions in 2024

On December 23, 2024, Bayer acquired 100% of the shares of Tavros Therapeutics Inc., United States, a precision oncology platform company. Through this acquisition, Bayer subsidiary Vividion Therapeutics Inc. is expanding its capabilities in terms of proprietary methods for computer-based genomic screening. Combining the Tavros platform with Vividion's chemoproteomics expertise will accelerate the development of previously elusive target proteins and small molecule drugs in the areas of oncology and immunology. The acquisition replaces a strategic collaboration forged in 2022 between Tavros and Vividion. Bayer paid an upfront consideration of around €19 million to acquire Tavros. Further amounts of up to around €29 million are payable upon the achievement of research and development milestones agreed in advance. A liability of €19 million, weighted according to the probability that the payments will have to be made, was recognized for this purpose.

The purchase price mainly comprises goodwill and intangible assets such as technology and platforms. The goodwill particularly reflects the anticipated innovation potential and expertise of the onboarded employees, and amounts to €38 million based on the current purchase price allocation. The acquisition also includes other assets and liabilities of around €1 million each, which primarily comprise laboratory equipment and future rental payments as part of a lease. The goodwill recognized is not tax-deductible. The purchase price allocation has not yet been concluded as the underlying financial information is still being compiled and reviewed. As such, the allocation of the purchase price to individual assets and liabilities may still be subject to change. Tavros is assigned to the Pharmaceuticals segment.

On November 1, 2024, Bayer acquired the canola business of HyTech Production Ltd., Canada. By acquiring the canola processing and packaging facility and the related equipment for a commercial canola line, as well as the expertise of onboarded employees, Bayer is expanding its market share in North America. Bayer paid an upfront consideration of around €14 million to acquire the canola business. The purchase price comprises buildings totaling some €6 million, plant equipment of around €4 million, goodwill of around €3 million and land of about €1 million. The goodwill largely reflects potential cost-savings in the areas of external services and logistics, as well as the expertise of onboarded employees and is fully tax deductible. The acquired assets are assigned to the Crop Science segment.

On May 2, 2024, Bayer acquired the remaining 25% of the shares of Bayer Zydus Pharma Private Limited, India, for a purchase price of about €31 million. Bayer Zydus Pharma is active in core segments of the Indian pharmaceutical market and focuses on women's health, diagnostic imaging, cardiovascular disease, diabetes treatment and oncology. The acquisition of the remaining shares was already contractually agreed when the joint venture was established in 2011. In 2018, Bayer increased its interest from 50% to

75% plus one share. Bayer Zydus Pharma has since been fully consolidated, and a liability of €9 million relating to the obligation concerning the remaining shares was recognized and adjusted on a quarterly basis. Corresponding changes in fair value were recognized in profit or loss. Bayer Zydus Pharma is assigned to the Pharmaceuticals segment.

Acquisitions in 2023

On February 13, 2023, we completed the acquisition of 100% of the shares in Blackford Analysis Ltd., United Kingdom, a global provider of radiology AI platform technology. Bayer paid an upfront consideration of around €46 million to acquire Blackford. Further amounts of up to around €54 million are payable upon the achievement of predefined research and development milestones. A liability of €30 million, weighted according to the probability that the payments will have to be made, was recognized for this purpose. The purchase price mainly pertained to goodwill, which in turn largely reflected the anticipated innovation potential and amounted to around €68 million based on the purchase price allocation. In addition, an amount of around €10 million was recognized for patents and technologies, some €2 million for other assets, and approximately €7 million for liabilities. The purchase price allocation was completed in the fourth quarter of 2023.

Blackford provides platform infrastructure and access to a rich clinical application (ClinApp) ecosystem focused on medical imaging and analytics. The acquisition follows a development and license agreement between the two companies in 2020 that laid the foundation for Bayer's recently launched medical imaging platform, Calantic™ Digital Solutions. The acquired companies are assigned to the Pharmaceuticals segment.

5.3 Discontinued operations, assets and liabilities held for sale, and divestments

Discontinued operations

There were no discontinued operations to report in 2024 or 2023.

Assets and liabilities held for sale

The assets held for sale, net of directly related liabilities, totaled around €22 million as of December 31, 2024 (December 31, 2023: €51 million). They mainly concerned the planned sale of land and property in the United States for around €18 million, which is assigned to the Pharmaceuticals segment.

The reported figure in 2023 pertained in particular to the planned sale of administration buildings and the related land and property in Spain for approximately €36 million, and of a production facility of the Crop Science segment, also in Spain, for around €11 million. The transactions were completed in the first and second quarters of 2024.

Divestments in 2024

On December 2, 2024, the Pharmaceuticals segment transferred its Progynova™ and Cyclo-Progynova™ business in Asia, with India as the primary market (excluding China), to Mercury Pharma Group Limited, United Kingdom. The base purchase price was around €69 million.

In 2024, the Crop Science segment transferred three active substances from its Herbicides and Fungicides businesses to two Indian buyers. On December 19, 2024, the business with the active substance iprovalicarb, for which India is the primary market, and triadimenol in Brazil was sold to Dhanuka Agritech Ltd., India. On December 23, 2024, furthermore, the active substance ethoxysulfuron, which is primarily marketed in India, was sold to Crystal Crop Protection Limited, India. Bayer received a total base purchase price of approximately €72 million.

Divestments in 2023

There were no significant divestments in 2023.

Notes to the Income Statements

6. Sales

Total reported net sales in 2024 fell by €1,031 million, or 2.2%, year on year to €46,606 million. Sales were derived primarily from product deliveries (€42,267 million; 2023: €43,352 million) and licenses (€3,446 million; 2023: €3,528 million). The license revenues amounted to €2,676 million (2023: €2,721 million) for Crop Science, €768 million (2023: €806 million) for Pharmaceuticals and €2 million (2023: €1 million) for Consumer Health. Breakdowns of net sales by segment and geographical area are given in the overview in Note [4].

Sales of €1,839 million were recognized in 2024 (2023: €2,026 million) from performance obligations already satisfied in previous years. These sales primarily resulted from right-to-use licenses granted against sales-based royalties and from adjustments to refund liabilities for expected product returns and rebates to be granted.

Contractually agreed sales volumes pertaining to performance obligations not yet satisfied as of December 31, 2024, are expected to be reclassified to profit or loss as follows, taking into account anticipated sales deductions:

B 6/1

Allocation of Transaction Price to Unfulfilled Performance Obligations

€ million	2023	2024
Transaction price outstanding as of Dec. 31	**580**	**453**
of which to be recognized within 1 year	144	147
of which to be recognized between 1 and 2 years	137	139
of which to be recognized between 2 and 3 years	134	134
of which to be recognized between 3 and 4 years	132	33
of which to be recognized between 4 and 5 years	33	–

The description above only accounts for customer contracts with an original contractual term of more than one year.

Contract liabilities mainly result from advance payments by customers for product deliveries and are predominantly recognized as sales within one year. Further significant amounts of contract liabilities comprised milestone payments already received for right-to-access licenses. The contract liabilities under right-to-access licenses will be recognized as sales over a period of several years.

The change in contract liabilities was due to the following factors:

B 6/2

Roll-Forward of Contract Liabilities

€ million	2023	2024
Contract liability balance as of Jan. 1	**4,724**	**4,292**
Additions	10,411	10,149
Revenue recognized in the current year that was included in the contract liability balance as of Jan. 1	(3,965)	(3,809)
Revenue recognized in the current year that was not included in the contract liability balance as of Jan. 1	(6,692)	(6,760)
Other	(59)	(28)
Exchange differences	(127)	111
Contract liability balance as of Dec. 31	**4,292**	**3,955**

Amounts for rebates, which are reported separately as refund liabilities, amounted to 11.1% of total net sales in 2024 (2023: 9.9%).

The refund liabilities for product returns amounted to 1.6% of total net sales in 2024 (2023: 1.6%).

7. Other operating income

Other operating income was comprised as follows:

B 7/1

Other Operating Income

€ million	2023	2024
Gains on retirements of noncurrent assets	198	250
Income from reversal of impairment losses on receivables	168	97
Income from reversal of unutilized provisions	224	30
Gains from derivatives	280	288
Sales revenues from products acquired through barter transactions	220	269
Miscellaneous operating income	807	845
Total	**1,897**	**1,779**

Gains on retirements of noncurrent assets related, in part, to the sale of Progynova™ and Cyclo-Progynova™ product rights in the amount of €69 million. The prior-year figure contained gains related to the sale of dermatology product rights in the amount of €36 million.

Miscellaneous operating income in 2024 included changes in the fair value of a liability for contingent consideration in the Pharmaceuticals segment in the amount of €171 million. In addition, a gain of €70 million was recorded in the Crop Science segment in connection with the sale of internally generated intellectual property. Miscellaneous operating income also included insurance compensation of €52 million in connection with our glyphosate and dicamba litigations. The remaining amount comprised a number of individually immaterial items at the subsidiaries.

Miscellaneous operating income also included income of €79 million (2023: expense of €15 million) as a result of the ongoing hyperinflation of nonmonetary assets and liabilities as well as equity in Argentina and Turkey.

8. Other operating expenses

Other operating expenses were comprised as follows:

B 8/1

Other Operating Expenses

€ million	2023	2024
Losses on retirements of noncurrent assets	(46)	(43)
Impairment losses on receivables	(169)	(164)
Expenses for significant litigations	(889)	(282)
Losses from derivatives	(282)	(280)
Cost of goods sold for products acquired through barter transactions	(214)	(270)
Impairment losses on goodwill	(6,690)	(3,263)
Miscellaneous operating expenses	(577)	(737)
Total	**(8,867)**	**(5,039)**

Expenses for significant litigations amounted to €282 million and were mainly attributable to expenses for litigations surrounding polychlorinated biphenyls (PCBs). The prior-year figure of €889 million was mainly attributable to the allocation to provisions for litigations surrounding PCBs and glyphosate. These expenses were reported as special items in segment reporting.

Miscellaneous operating expenses included legal costs of €165 million that were unrelated to the aforementioned significant litigations and are not reported as special items in segment reporting. Donations to charitable activities totaled €72 million. Also included here are expenses of €53 million in connection with a tax on certain purchases of foreign currencies in Argentina. The remaining amount comprised a number of individually immaterial items at the subsidiaries.

For information on the legal risks and the provisions established for this purpose, see Notes [30] and [23].

9. Personnel expenses and employee numbers

Personnel expenses increased by €1,760 million in 2024 to €12,451 million (2023: €10,691 million). This was primarily due to expenses for our restructuring programs and higher provisions for variable compensation under the Group-wide short-term-incentive (STI) program.

B 9/1

Personnel Expenses

€ million	2023	2024
Salaries	8,532	10,153
Social expenses and expenses for pensions and other benefits	2,159	2,298
of which for defined contribution pension plans	557	574
of which for defined benefit and other pension plans	222	228
Total	**10,691**	**12,451**

The interest portion of the allocation to personnel-related provisions – mainly for pensions and other post-employment benefits – is included in the financial result under other financial expenses (Note [10.3]).

The average numbers of employees, classified by functional area, were as shown in the table below:

B 9/2

Average numbers of employees

	2023	2024
Production	42,727	40,898
Marketing and distribution	33,323	30,526
Research and development	16,789	16,459
General administration	8,359	8,301
Total	**101,198**	**96,184**
Apprentices	1,197	1,179

The number of employees on either permanent or temporary contracts is stated in full-time equivalents (FTEs), with part-time employees included on a prorated basis in line with their contractual working hours. The total number of employees on the closing date was 92,815 (2023: 99,723).

10. Financial result

The financial result for 2024 was minus €2,263 million (2023: minus €2,233 million), comprising an equity-method loss of €132 million (2023: €162 million), financial expenses of €2,676 million (2023: €2,672 million) and financial income of €545 million (2023: €601 million). Details of the components of the financial result are provided in the following sections.

10.1 Income (loss) from investments in affiliated companies

The net income (loss) from investments in affiliated companies was comprised as follows:

B 10.1/1

Income (Loss) from Investments in Affiliated Companies

€ million	2023	2024
Net income (loss) from investments accounted for using the equity method (equity-method income/loss)	(162)	(132)
Expenses		
Losses from changes in fair values of investments in affiliated companies	(21)	(27)
Miscellaneous expenses from investments in affiliated companies	–	(4)
Income		
Gains from changes in fair values of investments in affiliated companies	1	–
Miscellaneous income from investments in affiliated companies	9	–
Total	**(173)**	**(163)**

Income from investments accounted for using the equity method included expenses of €131 million (2023: €153 million) from “Leaps by Bayer” investments. Further details of the companies accounted for using the equity method are given in Note [16].

Losses from changes in the fair values of investments in affiliated companies amounted to €27 million (2023: €21 million) and pertained to the measurement of Century Therapeutics, Inc., United States.

10.2 Net interest expense

The net interest expense was comprised as follows:

B 10.2/1

Net Interest Expense

€ million	2023	2024
Interest and similar expenses	**(1,618)**	**(1,946)**
of which interest expense relating to nonfinancial liabilities	(38)	(71)
Interest and similar income	**484**	**521**
of which interest income relating to nonfinancial assets	55	74
Total	**(1,134)**	**(1,425)**

10.3 Other financial income and expenses

Other financial income and expenses were comprised as follows:

B 10.3/1

Other Financial Income and Expenses

€ million	2023	2024
Expenses		
Interest portion of discounted provisions[1]	(429)	(412)
Exchange gain (loss)	(449)	(203)
Miscellaneous financial expenses	(155)	(84)
Income		
Miscellaneous financial income	107	24
Total	**(926)**	**(675)**

[1] Also including effects from the remeasurement of corresponding overfunding

The interest portion of discounted provisions comprised €116 million (2023: €144 million) in net interest expense for pension and other post-employment benefit provisions. The interest expense for pension and other post-employment benefit provisions included €789 million (2023: €816 million) in interest expense from the unwinding of the discount on the present value of the defined benefit obligation and €673 million (2023: €672 million) in interest income from plan assets. There were also effects from the unwinding of the discount and interest-rate fluctuations for other provisions of minus €326 million (2023: minus €348 million), of which minus €266 million (2023: minus €304 million) was due to the unwinding of the discount for provisions for litigations. The effects from the remeasurement of net assets from other long-term employee benefits amounted to €30 million (2023: €63 million).

The miscellaneous financial expenses included €18 million (2023: €35 million) in negative changes in the fair value of financial investments in debt instruments as well as expenses of €42 million (2023: €12 million) as a result of the ongoing hyperinflation, mainly in Argentina.

The miscellaneous financial income included €15 million (2023: €55 million) arising from positive changes in the fair value of financial investments in debt instruments. The prior-year figure also included a gain of €31 million from the early repayment of hybrid bonds and €5 million arising from positive changes in the fair value of liabilities to purchase noncontrolling interests.

11. Taxes

The breakdown of tax expenses by origin was as follows:

B 11/1

Tax Expense by Origin

€ million	2023	Of which income taxes	2024	Of which income taxes
Taxes paid or accrued				
Current income taxes				
Germany	(359)	(359)	(58)	(58)
Other countries	(884)	(884)	(887)	(887)
Other taxes				
Germany	(60)	–	(38)	–
Other countries	(158)	–	(165)	–
	(1,461)	**(1,243)**	**(1,148)**	**(945)**
Deferred taxes				
from temporary differences	91	91	753	753
from tax loss and interest carryforwards and tax credits	(169)	(169)	(20)	(20)
	(78)	**(78)**	**733**	**733**
Total	**(1,539)**	**(1,321)**	**(415)**	**(212)**

Other taxes mainly included land, vehicle and other indirect taxes and are included in the respective operating expense items.

The deferred tax assets and liabilities were allocable to the following items in the statements of financial position:

B 11/2

Deferred Tax Assets and Liabilities

€ million	Dec. 31, 2023 Deferred tax assets	Dec. 31, 2023 Deferred tax liabilities	Dec. 31, 2024 Deferred tax assets	Dec. 31, 2024 Deferred tax liabilities
Intangible assets	1,353	4,201	1,196	3,963
Property, plant and equipment	939	489	1,635	473
Financial assets	334	426	306	415
Inventories	2,608	1,080	2,965	1,443
Receivables	347	224	257	455
Other assets	3	41	3	37
Provisions for pensions and other post-employment benefits	1,280	480	1,109	560
Other provisions	2,526	607	2,548	124
Liabilities	1,818	327	1,775	336
Tax loss and interest carryforwards	713	–	912	–
Tax credits	635	–	399	–
	12,556	**7,875**	**13,105**	**7,806**
Set-off	(7,085)	(7,085)	(6,941)	(6,941)
Total	**5,471**	**790**	**6,164**	**865**

The net asset surplus arising from deferred tax receivables and liabilities increased year on year by €618 million. Of this amount, €733 million was recognized as deferred tax income in the income statement and €115 million mainly as a reduction in other comprehensive income and as expenses relating to

ongoing hyperinflation. The change in other comprehensive income mainly relates to the remeasurement of the net defined benefit liability for post-employment benefit plans.

The use of tax loss carryforwards reduced current income taxes in 2024 by €36 million (2023: €20 million). The use of tax credits reduced current income taxes by €219 million (2023: €50 million).

Of the total tax loss and interest carryforwards of €21,043 million, including interest carryforwards of €3,203 million (2023: €18,511 million, including interest carryforwards of €1,978 million), an amount of €5,077 million, including interest carryforwards of €56 million (2023: €5,080 million, including interest carryforwards of €44 million) is expected to be usable within a reasonable period.

Deferred tax assets of €912 million (2023: €713 million) were recognized for the amount of tax loss and interest carryforwards expected to be usable. The use of €15,966 million of tax loss and interest carryforwards, including interest carryforwards of €3,147 million (2023: €13,431 million, including interest carryforwards of €1,934 million) was subject to legal or economic restrictions. Consequently, no deferred tax assets were recognized for this amount. The addition of usable tax loss and interest carryforwards mainly resulted from the measurement of loss carryforwards in the United States at the state level. For the first time, interest carryforwards of €506 million were generated in Germany, which probably cannot be used. If these tax loss and interest carryforwards had been fully usable, deferred tax assets of €1,928 million (2023: €1,410 million) would additionally have been recognized.

Tax credits of €399 million (2023: €635 million) were recognized as deferred tax assets in 2024. The use of €1,098 million (2023: €878 million) of tax credits was subject to legal or economic restrictions. Consequently, no deferred tax assets were recognized for this amount.

B 11/3

Expiration of Unusable Tax Credits and of Tax Loss and Interest Carryforwards

	Tax credits		Tax loss and interest carryforwards	
€ million	Dec. 31, 2023	Dec. 31, 2024	Dec. 31, 2023	Dec. 31, 2024
Within one year	–	–	48	10
Within two years to five years	–	158	121	125
Thereafter	878	940	13,262	15,831
Total	**878**	**1,098**	**13,431**	**15,966**

The use of €0 million (2023: €1,045 million) of deductible temporary differences was subject to legal or economic restrictions. The decline is mainly due to a remeasurement of the deductible temporary differences in connection with the settlement agreements in the United States.

In 2024, subsidiaries that reported losses for 2024 or 2023 recognized net deferred tax assets totaling €1,528 million (2023: €1,922 million) from temporary differences, tax credits, and tax loss and interest carryforwards. These assets were considered to be unimpaired because the companies concerned are expected to generate taxable income in the future or sufficient deferred tax income.

Deferred tax liabilities of €25 million were recognized in 2024 (2023: €106 million) for planned dividend payments by subsidiaries. Deferred tax liabilities were not recognized for differences on €30,808 million (2023: €14,612 million) of retained earnings of subsidiaries because these earnings are to be reinvested for an indefinite period.

The reconciliation of expected to actual income tax income or expense (2024: minus €817 million; 2023: minus €1,877 million) and of the expected to the effective tax rate for the Group was as follows:

B 11/4

Reconciliation of Expected to Actual Income Tax Income or Expense

	2023		2024	
	€ million	%	€ million	%
Expected income tax (income) and expense[1] and expected tax rate	**(556)**	**34.3**	**(605)**	**25.9**
Tax reduction from tax-free income	(113)	7.0	(53)	2.3
Tax reductions from recognition of previously unrecognized deferred tax assets on temporary differences, tax loss and interest carryforwards, and from utilization of carryforwards without previously recognized deferred tax assets	(28)	1.7	(37)	1.6
Increase in taxes due to non-tax-deductible expenses	351	(21.7)	401	(17.2)
Tax expense for expected unrecoverable temporary differences, tax loss and interest carryforwards	495	(30.5)	321	(13.8)
Tax (income) and expenses relating to other periods	11	(0.7)	(96)	4.1
Tax effects of changes in tax rates	(153)	9.4	(62)	2.7
Other tax effects	1,314	(81.1)	343	(14.7)
Actual income tax (income) and expense and effective tax rate	**1,321**	**(81.5)**	**212**	**(9.1)**

[1] Expected income tax (income) and expense is calculated by applying an expected weighted average tax rate to the pre-tax income of the Group. This average rate was determined on the basis of expected tax rates for the individual Group companies.

The reduction in the expected tax expense year on year was largely due to the lower pre-tax income.

The increase in taxes due to non-tax-deductible expenses amounted to €401 million and was mainly the result of non-tax-deductible interest expenses, trade-tax additions and non-tax-deductible expenses in connection with dividends in Germany.

Tax expense for expected unrecoverable temporary differences, tax loss and interest carryforwards of €321 million primarily pertained to the United States.

The €343 million in tax expenses from other tax effects primarily comprised effects of €813 million due to non-tax-deductible impairment losses on goodwill. This line item also included tax benefits from the utilization of tax credits and from an extended deduction of charitable donations, as well as income from adjustments to provisions for tax risks.

The Bayer Group falls within the scope of the global minimum taxation rules (“Pillar Two”), according to which the Bayer Group must pay a top-up tax for each jurisdiction in which the effective tax rate is below 15%. The top-up tax calculated for the Bayer Group for 2024 amounts to €33 million.

12. Income/losses attributable to noncontrolling interest

Income attributable to noncontrolling interest amounted to €6 million (2023: €6 million). Losses attributable to noncontrolling interest amounted to €0 million (2023: €7 million). The income and losses primarily pertained to Bayer LLC Saudia Arabia, Saudi Arabia (income of €1 million, 2023: income of €3 million), Rede Agro Fidelidade e Intermediacao S.A., Brazil (income of €3 million, 2023: income of €3 million), and Bayer CropScience Limited, India (income of €2 million, 2023: loss of €5 million).

13. Earnings per share

Earnings per share are determined according to IAS 33 (Earnings Per Share) by dividing the net income for the period attributable to Bayer AG stockholders by the weighted average number of outstanding shares. As no dilutive financial instruments were in circulation at the end of the 2023 and 2024 reporting periods, diluted earnings per share were equivalent to basic earnings per share.

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Earnings per Share

	€ million		Earnings per share (€)	
	2023	**2024**	**2023**	**2024**
Income after income taxes (attributable to Bayer AG stockholders)	**(2,941)**	**(2,552)**	**(2.99)**	**(2.60)**
of which income after income taxes from continuing operations (attributable to Bayer AG stockholders)	(2,941)	(2,552)	(2.99)	(2.60)
Weighted average number of outstanding shares (million)	**982.42**	**982.42**	**–**	**–**

Notes to the Statements of Financial Position

14. Goodwill and other intangible assets

Changes in intangible assets in 2024 were as follows:

B 14/1

Changes in Intangible Assets

€ million	Acquired goodwill	Patents and technol-ogies	Trade-marks	Marketing and distribution rights	Production rights	R&D projects	Other rights and advance payments	Total
Cost of acquisition or generation, December 31, 2023	**43,456**	**32,935**	**13,408**	**3,761**	**1,668**	**4,917**	**4,577**	**104,722**
Acquisitions	41	–	–	–	–	–	–	41
Capital expenditures	–	85	5	100	–	484	488	1,162
Retirements	–	(63)	(2)	(51)	(5)	(256)	(425)	(802)
Transfers	–	450	–	6	–	(447)	(9)	–
Transfers (IFRS 5)	–	–	–	–	–	–	–	–
Divestments/changes in scope of consolidation	–	–	–	–	–	–	–	–
Inflation adjustment (IAS 29)	28	7	–	2	–	–	9	46
Exchange differences	1,508	1,316	487	62	3	222	99	3,697
December 31, 2024	**45,033**	**34,730**	**13,898**	**3,880**	**1,666**	**4,920**	**4,739**	**108,866**
Accumulated amortization and impairment, December 31, 2023	**11,157**	**22,239**	**7,465**	**2,401**	**1,648**	**1,376**	**2,774**	**49,060**
Retirements	–	(47)	(2)	(49)	(5)	(256)	(418)	(777)
Amortization and impairment losses	3,267	2,176	546	251	1	178	667	7,086
Amortization	–	1,501	386	146	1	–	420	2,454
Impairment losses	3,267	675	160	105	–	178	247	4,632
Impairment loss reversals	–	(157)	(243)	(7)	–	(42)	–	(449)
Transfers	–	64	–	–	–	(64)	–	–
Transfers (IFRS 5)	–	–	–	–	–	–	–	–
Divestments/changes in scope of consolidation	–	–	–	–	–	–	–	–
Inflation adjustment (IAS 29)	5	7	–	2	–	–	10	24
Exchange differences	588	802	251	50	2	45	56	1,794
December 31, 2024	**15,017**	**25,084**	**8,017**	**2,648**	**1,646**	**1,237**	**3,089**	**56,738**
Carrying amounts, December 31, 2024	**30,016**	**9,646**	**5,881**	**1,232**	**20**	**3,683**	**1,650**	**52,128**
Carrying amounts, December 31, 2023	**32,299**	**10,696**	**5,943**	**1,360**	**20**	**3,541**	**1,803**	**55,662**

The amortization of intangible assets is allocated to the individual functional costs on the basis of the economic substance of the underlying asset. The amortization of trademarks and of marketing and distribution rights is generally reflected in selling expenses, and the amortization of production rights in the cost of goods sold. The amortization of patents and technologies is mainly included in the cost of goods sold or in research and development expenses. Acquired goodwill, research and development projects, and advance payments made are not subject to amortization.

In the second quarter of 2024, Bayer decided to wind down Care/of, the Consumer Health segment's direct-to-consumer nutritional supplements business. As of June 30, 2024, the decision resulted in impairments on assets totaling some €55 million, of which around €44 million pertained to intangible assets (primarily the Care/of trademark, which accounted for €36 million of that figure).

Impairment testing was conducted in the Crop Science segment in the third quarter of 2024 due to the weaker-than-anticipated development of the agricultural market environment.

Within the Crop Science segment, it resulted in the recognition of net impairment losses of €3,777 million on intangible assets. This figure included an impairment loss of €3,267 million on goodwill that was due to a deterioration in business prospects overall, particularly in crop protection. This effect was partially offset by a decline in the weighted average cost of capital. Impairment losses were also recognized in the cash-generating unit Cotton Seed (€510 million, comprising €25 million on research and development projects, €411 million on patents and technologies, €66 million on trademarks and €8 million on marketing and distribution rights). The impairment losses for Cotton Seed were mainly attributable to uncertainty caused by a delayed approval process for a complementary herbicide for specific applications and the related deterioration in anticipated business prospects. The impairment losses on goodwill were recognized in other operating expenses. The impairment losses on Cotton Seed assets were allocated to the cost of goods sold, selling expenses, and research and development expenses. The impairment losses reflected the difference between the respective carrying amounts and their fair value less costs of disposal.

Our regular annual impairment testing in the fourth quarter of 2024 resulted in the recognition of net impairment losses of €67 million on intangible assets in the Crop Science segment.

There were impairment losses in the cash-generating unit Soybean Seed & Traits (€313 million, comprising €239 million on patents and technologies, €36 million on research and development projects, €30 million on trademarks and €8 million on marketing and distribution rights). The impairment losses were primarily attributable to negative currency effects, particularly in Brazil.

There were impairment loss reversals in the cash-generating unit Corn Seed & Traits (€246 million, comprising €157 million on patents and technologies, €42 million on research and development projects, €40 million on trademarks and €7 million on marketing and distribution rights). These impairment loss reversals were due to various individual effects, including lower expected costs and positive currency effects, which were partially offset by a slight increase in the weighted average cost of capital.

The impairment losses and impairment loss reversals on the assets of the cash-generating units were recognized in the cost of goods sold, selling expenses, and research and development expenses. The impairment losses and impairment loss reversals reflected the difference between the respective carrying amounts and their fair value less costs of disposal.

The table below indicates the capital cost factors used in the impairment testing on the cash-generating units of the Crop Science segment in the fourth quarter of 2023, and the third and fourth quarters of 2024.

B 14/2

Impairment Testing Parameters

	After-tax cost of capital		
%	Q4 2023	Q3 2024	Q4 2024
Corn Seed & Traits	10.3	9.3	9.7
Soybean Seed & Traits	9.9	9.1	9.3
Glyphosate	11.7	10.4	10.4
Dicamba	7.6	7.1	7.7
Cotton Seed	7.8	7.4	7.8
Canola	7.8	7.5	8.0
Vegetable Seeds	11.4	10.0	9.2

Our regular annual impairment testing in the fourth quarter gave rise to impairment losses of €196 million in the Pharmaceuticals segment, due especially to higher development costs and regulatory uncertainties (comprising €87 million on marketing and distribution rights, €68 million on other rights, €23 million on trademarks and €18 million on research and development projects). The impairment losses reflected the difference between the respective carrying amounts and their fair value less costs of disposal and were recognized in selling expenses and research and development expenses. On top of those recognized in the fourth quarter, impairment losses of around €93 million (2023: €76 million) were recognized in 2024 due to the ongoing evaluation of individual research and development projects during the year. The impairment losses were allocated to research and development expenses. Impairment losses of €154 million on other rights were also recognized in 2024, of which €152 million resulted from the termination of a marketing agreement pertaining to dorzagliatin products in China. The impairment losses were recognized in selling expenses.

In the Consumer Health segment, regular annual impairment testing resulted in impairment loss reversals totaling €203 million on trademarks, of which €118 million pertained to Afrin™ in the Allergy & Cold category, €45 million to KangWang™ in the Dermatology category, €33 million to Aerius™ in the Allergy & Cold category, and €7 million to Citracal™ in the Nutritionals category. The impairment loss reversals were due to improved business prospects resulting from a sharper focus within the portfolio. The impairment loss reversals were recognized in selling expenses and reflected the difference between the respective carrying amounts and their fair value less costs of disposal.

Changes in intangible assets in 2023 were as follows:

B 14/3

Changes in Intangible Assets (Previous Year)

€ million	Acquired goodwill	Patents and technologies	Trademarks	Marketing and distribution rights	Production rights	R&D projects	Other rights and advance payments	Total
Cost of acquisition or generation, December 31, 2022	**44,374**	**33,167**	**13,766**	**3,778**	**1,656**	**5,454**	**4,172**	**106,367**
Acquisitions	68	10	–	–	–	–	–	78
Capital expenditures	–	110	–	57	13	90	582	852
Retirements	–	(114)	(65)	(33)	–	(2)	(93)	(307)
Transfers	–	495	–	8	1	(495)	(9)	–
Transfers (IFRS 5)	–	–	–	–	–	–	–	–
Divestments/changes in scope of consolidation	6	–	–	(2)	–	–	(3)	1
Inflation adjustment (IAS 29)	41	11	–	3	–	–	17	72
Exchange differences	(1,033)	(744)	(293)	(50)	(2)	(130)	(89)	(2,341)
December 31, 2023	**43,456**	**32,935**	**13,408**	**3,761**	**1,668**	**4,917**	**4,577**	**104,722**
Accumulated amortization and impairment, December 31, 2022	**4,726**	**22,029**	**7,574**	**2,377**	**1,647**	**1,690**	**2,493**	**42,536**
Retirements	–	(98)	(37)	(33)	–	–	(86)	(254)
Amortization and impairment losses	6,690	2,393	539	161	2	259	410	10,454
Amortization	–	1,406	371	136	2	–	401	2,316
Impairment losses	6,690	987	168	25	–	259	9	8,138
Impairment loss reversals	–	(1,823)	(462)	(64)	–	(387)	–	(2,736)
Transfers	–	154	–	–	–	(154)	–	–
Transfers (IFRS 5)	–	–	–	–	–	–	–	–
Divestments/changes in scope of consolidation	–	–	–	(2)	–	–	(1)	(3)
Inflation adjustment (IAS 29)	8	11	–	3	–	–	16	38
Exchange differences	(267)	(427)	(149)	(41)	(1)	(32)	(58)	(975)
December 31, 2023	**11,157**	**22,239**	**7,465**	**2,401**	**1,648**	**1,376**	**2,774**	**49,060**
Carrying amounts, December 31, 2023	**32,299**	**10,696**	**5,943**	**1,360**	**20**	**3,541**	**1,803**	**55,662**
Carrying amounts, December 31, 2022	**39,648**	**11,138**	**6,192**	**1,401**	**9**	**3,764**	**1,679**	**63,831**

The long-term growth rates and cost of capital factors used in the regular impairment testing of goodwill in the fourth quarters of 2023 and 2024 are shown in the following table. A long-term growth rate of 2% and an after-tax cost of capital of 9.2% were applied in the testing of goodwill for impairment in the Crop Science segment in the third quarter of 2024.

B 14/4

Impairment Testing Parameters

	Growth rate		After-tax cost of capital	
%	**Q4 2023**	**Q4 2024**	**Q4 2023**	**Q4 2024**
Crop Science	2.0	2.0	10.0	9.4
Pharmaceuticals	0.0	0.0	6.5	7.1
Consumer Health	1.0	1.0	8.6	7.6

Testing goodwill for impairment involves calculating the fair value less costs to sell. Impairment losses totaling €6,690 million were recognized on goodwill in the Crop Science segment in 2023.

A sensitivity analysis undertaken for the impairment testing of goodwill in the Pharmaceuticals and Consumer Health segments at year-end was based on a 10% reduction in future cash flows, a 10% increase in the weighted average cost of capital or a one-percentage-point reduction in the long-term growth rate. As in the prior year, the sensitivity analysis showed that no impairment loss would need to be recognized for the Pharmaceuticals and Consumer Health segments in the event of a 10% reduction in future cash flows, a 10% increase in the weighted average cost of capital, or a one-percentage-point reduction in the long-term growth rate. In the Crop Science segment, a 10% reduction in future cash flows would lead to a reduction in the fair value less costs of disposal of approximately €3.5 billion, a 10% increase in the weighted average cost of capital would lead to a corresponding reduction of approximately €3.9 billion, and a one-percentage-point reduction in the long-term growth rate would lead to a change in value of approximately €2.5 billion, each of which would have led to an additional impairment loss on goodwill. The prior-year analysis showed that a 10% decrease in future cash flows would have led to an impairment loss of approximately €3.9 billion, a 10% increase in the weighted average cost of capital to an impairment loss of approximately €4.3 billion, and a one-percentage-point reduction in the long-term growth rate to an impairment loss of approximately €3.3 billion.

The following table shows the sensitivities of the cash-generating units of the Crop Science segment in relation to a 10% increase in the weighted average cost of capital and a 10% reduction in future cash flows:

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Sensitivities of the Cash-Generating Units

€ million	WACC +10%	Cash flows –10%
Corn Seed & Traits	(620)	(1,411)
Soybean Seed & Traits	(89)	(229)
Cotton Seed	(10)	(36)
Canola	(16)	(47)
Vegetable Seeds	(70)	(150)

The levels at which impairment testing is performed are explained in Note [3]. Goodwill and unamortized intangible assets that are of material significance for the Bayer Group are allocated to the following segments:

B 14/6

Intangible Assets with an Indefinite Useful Life

	Goodwill (€ million)		Material intangible assets with an indefinite useful life (€ million)	
Reporting segment	2023	2024	2023	2024
Crop Science	16,553	13,767	2,569	2,313
Pharmaceuticals	11,548	11,909	965	1,367
Consumer Health	4,198	4,340	7	3

The main unamortized intangible assets comprise research and development projects not yet available for use. In the case of research and development projects, the point in time from which a capitalized asset can be expected to generate an economic benefit for the company cannot be determined. Such assets are therefore classified as having an indefinite useful life and are subjected to annual impairment testing. In addition, there were other rights and advance payments made for intangible assets totaling €529 million (2023: €529 million) that were also not subject to amortization.

Another unamortized intangible asset is the Bayer Cross, which was reacquired for the North America region in 1994, having been awarded to the United States and Canada under the reparations agreements at the end of the First World War. The period for which the Bayer Group will derive an economic benefit from this name cannot be determined as Bayer intends to make continuous use of it. The Bayer Cross is capitalized at €108 million (2023: €108 million).

15. Property, plant and equipment

Changes in property, plant and equipment in 2024 were as follows:

B 15/1

Changes in Property, Plant and Equipment

€ million	Land and buildings	Plant installations and machinery	Furniture, fixtures and other equipment	Construction in progress and advance payments	Total
Cost of acquisition or construction, December 31, 2023	**10,739**	**12,621**	**2,725**	**3,172**	**29,257**
Acquisitions	8	4	–	–	12
Capital expenditures	310	336	293	1,158	2,097
Retirements	(221)	(289)	(271)	(57)	(838)
Transfers	503	815	73	(1,391)	–
Transfers (IFRS 5)	(35)	(5)	(2)	–	(42)
Divestments/changes in the scope of consolidation	6	(4)	–	–	2
Inflation adjustment (IAS 29)	103	107	32	64	306
Exchange differences	161	171	31	65	428
December 31, 2024	**11,574**	**13,756**	**2,881**	**3,011**	**31,222**
Accumulated depreciation and impairment, December 31, 2023	**5,020**	**8,653**	**1,928**	**335**	**15,936**
Retirements	(157)	(262)	(236)	(55)	(710)
Depreciation and impairment losses	567	856	311	418	2,152
Depreciation	529	780	287	–	1,596
Impairment losses	38	76	24	418	556
Impairment loss reversals	(4)	(1)	–	–	(5)
Transfers	45	56	4	(105)	–
Transfers (IFRS 5)	(15)	(4)	(2)	–	(21)
Divestments/changes in the scope of consolidation	2	(1)	–	–	1
Inflation adjustment (IAS 29)	55	94	29	–	178
Exchange differences	61	134	20	20	235
December 31, 2024	**5,574**	**9,525**	**2,054**	**613**	**17,766**
Carrying amounts, December 31, 2024	**6,000**	**4,231**	**827**	**2,398**	**13,456**
Carrying amounts, December 31, 2023	**5,719**	**3,968**	**797**	**2,837**	**13,321**

Impairment losses on property, plant and equipment amounted to €556 million (2023: €718 million), of which approximately €402 million was due to impairment losses in the Crop Science segment. This figure included an impairment loss of €213 million pertaining to the sourcing of raw materials used in the production of glyphosate. This impairment loss arose from assets being assessed individually as part of regular impairment testing in the fourth quarter, and was due to updated assumptions about raw material prices. The impairment losses were recognized in the cost of goods sold.

Impairment losses recognized on property, plant and equipment in the Pharmaceuticals segment totaled around €140 million in 2024, mainly comprising €127 million for the discontinuation of two capital expenditure projects based on strategic evaluations of required production capacities. This figure included

impairment losses on a multi-purpose facility (€99 million) and a facility to provide capacity for product launches (€28 million). The impairment losses were recognized in the cost of goods sold.

Impairment losses on property, plant and equipment in 2023 primarily comprised an amount of €562 million resulting from the impairment testing of the glyphosate cash-generating unit within the Crop Science segment.

In 2024, borrowing costs of €61 million (2023: €53 million) were capitalized as components of the cost of acquisition or construction of qualifying assets, applying an average interest rate of 3.5% (2023: 3.1%).

Right-of-use assets totaling €1,139 million (2023: €1,155 million) held under leases were capitalized in property, plant and equipment. Further information on leases is given in Note [28].

Changes in property, plant and equipment in 2023 were as follows:

B 15/2

Changes in Property, Plant and Equipment (Previous Year)

€ million	Land and buildings	Plant installations and machinery	Furniture, fixtures and other equipment	Construction in progress and advance payments	Total
Cost of acquisition or construction, December 31, 2022	**10,478**	**11,984**	**2,601**	**3,274**	**28,337**
Acquisitions	1	–	–	–	1
Capital expenditures	455	325	304	1,394	2,478
Retirements	(344)	(251)	(256)	(9)	(860)
Transfers	491	793	130	(1,414)	–
Transfers (IFRS 5)	(125)	(17)	(3)	–	(145)
Divestments/changes in the scope of consolidation	6	(7)	(3)	–	(4)
Inflation adjustment (IAS 29)	176	174	40	31	421
Exchange differences	(399)	(380)	(88)	(104)	(971)
December 31, 2023	**10,739**	**12,621**	**2,725**	**3,172**	**29,257**
Accumulated depreciation and impairment, December 31, 2022	**4,704**	**8,070**	**1,844**	**45**	**14,663**
Retirements	(218)	(231)	(225)	(1)	(675)
Depreciation and impairment losses	707	953	346	329	2,335
Depreciation	538	775	304	–	1,617
Impairment losses	169	178	42	329	718
Impairment loss reversals	(4)	(3)	(2)	–	(9)
Transfers	2	26	1	(29)	–
Transfers (IFRS 5)	(81)	(13)	(2)	–	(96)
Divestments/changes in the scope of consolidation	6	(3)	(2)	–	1
Inflation adjustment (IAS 29)	79	133	31	–	243
Exchange differences	(175)	(279)	(63)	(9)	(526)
December 31, 2023	**5,020**	**8,653**	**1,928**	**335**	**15,936**
Carrying amounts, December 31, 2023	**5,719**	**3,968**	**797**	**2,837**	**13,321**
Carrying amounts, December 31, 2022	**5,774**	**3,914**	**757**	**3,229**	**13,674**

Investment property

The total carrying amount of investment property as of December 31, 2024, was €109 million (December 31, 2023: €107 million). The fair value of this property was €576 million (2023: €629 million). The rental income from investment property was €17 million (2023: €20 million), and the operating expenses directly allocable to this property amounted to €3 million (2023: €2 million).

16. Investments accounted for using the equity method

Some 43 (2023: 42) associates and four (2023: four) joint ventures were accounted for in the Consolidated Financial Statements using the equity method. A list of these companies is available at www.bayer.com/shareownership2024

The following table contains a summary of the aggregated income statement data and aggregated carrying amounts of the associates and joint ventures accounted for using the equity method:

B 16/1

Earnings Data and Carrying Amounts of Companies Accounted for Using the Equity Method

	Associates		Joint ventures	
€ million	**2023**	**2024**	**2023**	**2024**
Total comprehensive income after income taxes	(832)	(954)	(14)	23
Share of income after income taxes[1]	**(155)**	**(143)**	**(7)**	**11**
Share of total comprehensive income after income taxes	(155)	(143)	(7)	11
Carrying amount as of December 31	**791**	**747**	**59**	**73**

[1] Also including gains from remeasurement of investments accounted for using the equity method due to the loss of significant influence and the fact that they then ceased being accounted for using the equity method

17. Other financial assets

The other financial assets were comprised as follows:

B 17/1

Other Financial Assets

	Dec. 31, 2023		Dec. 31, 2024	
€ million	**Total**	**Of which current**	**Total**	**Of which current**
AC[1]	919	755	270	75
FVTPL[1]	5,647	3,925	3,496	1,821
of which debt instruments	5,604	3,925	3,480	1,821
of which equity instruments	43	–	16	–
FVTOCI[1]	324	–	332	–
of which equity instruments (no recycling)	324	–	332	–
Receivables from derivatives	185	151	401	363
Receivables under lease agreements	28	5	27	7
Total	**7,103**	**4,836**	**4,526**	**2,266**

[1] Measurement categories in accordance with IFRS 9
AC: at amortized cost
FVTOCI: at fair value through other comprehensive income
FVTPL: at fair value through profit or loss

The AC category included €56 million (2023: €735 million) in bank deposits, as well as interest-bearing securities of €159 million (2023: €128 million). No material impairment losses were recognized for expected credit losses in 2024 or 2023.

The debt instruments in the FVTPL category included investments in money market funds totaling €1,675 million (2023: €3,827 million) as well as capital of €1,145 million (2023: €1,140 million) provided to Bayer-Pensionskasse VVaG (Bayer-Pensionskasse) for its effective initial fund, and jouissance right capital (Genussrechtskapital) of €152 million (2023: €150 million), also provided to Bayer-Pensionskasse. It also included capital of €63 million (2023: €63 million) provided to Rheinische Pensionskasse VVaG for its effective initial fund.

The equity instruments in the FVTPL category comprised the €12 million (2023: €39 million) interest in Century Therapeutics, Inc., United States, and the €4 million (2023: €4 million) interest in Pyxis Oncology Inc., United States.

The equity instruments in the FVTOCI category comprised the following investments:

B 17/2

Equity Instruments Measured at Fair Value Through Other Comprehensive Income

Company name	Fair value as of Dec. 31, 2023	Fair value as of Dec. 31, 2024
Pivot Bio, Inc., USA	60	48
AMR Action Fund L.P., USA	42	45
Recursion Pharmaceuticals Inc., USA	58	42
Bayer Nigeria Ltd., Nigeria	–	16
Flagship Ventures Fund V, L.P., USA	16	13
Innovative Seed Solutions LLC, USA	12	12
Other investments	136	156
Total	**324**	**332**

We did not receive any material dividends in 2024. In 2023, we received a dividend totaling €8 million from our interest in KaNDy Therapeutics Limited, United Kingdom.

Further information on the accounting for receivables from derivatives is given in Note [27].

18. Inventories

Inventories were comprised as follows:

B 18/1

Inventories

€ million	Dec. 31, 2023	Dec. 31, 2024
Raw materials and supplies	2,515	2,081
Work in process, finished goods and goods purchased for resale	11,292	11,234
Rights of return	122	88
Advance payments	18	64
Total	**13,947**	**13,467**

Impairment losses recognized on inventories were reflected in the cost of goods sold. They were comprised as follows:

B 18/2

Impairments of Inventories

€ million	2023	2024
Accumulated impairment losses, January 1	(102)	(105)
Impairment losses in the reporting period	(37)	(31)
Impairment loss reversals or utilization	23	15
Exchange differences	11	1
Accumulated impairment losses, December 31	**(105)**	**(120)**

The cost of goods sold included acquisition and production costs of inventories amounting to €15,400 million (2023: €15,441 million) that were recognized as expenses.

19. Trade accounts receivable

Trade accounts receivable less loss allowances amounted to €8,966 million (2023: €9,343 million) on the closing date and pertained to the following regions and countries:

B 19/1

Trade Accounts Receivable

€ million	2023	2024
North America	2,174	2,184
of which USA	1,952	2,010
Europe/Middle East/Africa	3,112	2,912
of which Germany	674	639
Asia/Pacific	1,697	1,582
Latin America	3,002	2,864
of which Brazil	1,511	1,294
Trade accounts receivable (before impairments)	**9,985**	**9,542**
Accumulated impairment losses	(642)	(576)
Carrying amount, December 31	9,343	8,966
of which noncurrent	168	127

Trade accounts receivable mainly comprise amounts outstanding from diverse customer groups and distribution channels (including distributors and retailers for all units of the company, pharmacies for Pharmaceuticals and Consumer Health, and farmers for Crop Science). These receivables expose the Bayer Group to a credit risk, though not to significant credit risk concentrations because the risk is spread among a large number of counterparties and customers. Receivables that were not individually impaired were classified as recoverable on the basis of established credit management processes and individual estimates of customer risks. The loss allowances recognized at the closing date contained appropriate risk provisions.

Noncurrent trade accounts receivable comprised receivables of €53 million (2023: €80 million) in connection with rights to use technologies outlicensed to a customer that were acquired through the acquisition of Monsanto.

The gross carrying amounts of trade accounts receivable were as follows:

B 19/2

Trade Accounts Receivable – Gross Carrying Amounts

€ million	Trade accounts receivable for which lifetime expected credit losses are calculated (collectively assessed)	Trade accounts receivable that are credit-impaired	Total
Gross carrying amounts as of January 1, 2023	**9,855**	**726**	**10,581**
Changes resulting from trade accounts receivables recognized, derecognized or written off in the reporting period	(707)	34	(673)
Transfer to credit-impaired trade accounts receivable	(64)	64	–
Transfer from credit-impaired trade accounts receivable	44	(44)	–
Write-offs	–	(34)	(34)
Other changes:			
from exchange differences	(457)	(4)	(461)
Gross carrying amounts as of December 31, 2023	**8,671**	**742**	**9,413**
Changes resulting from trade accounts receivables recognized, derecognized or written off in the reporting period	(141)	(76)	(217)
Transfer to credit-impaired trade accounts receivable	(89)	89	–
Transfer from credit-impaired trade accounts receivable	9	(9)	–
Write-offs	–	(37)	(37)
Other changes:			
from exchange differences	(80)	(34)	(114)
Gross carrying amounts as of December 31, 2024	**8,370**	**675**	**9,045**

Only including receivables that are measured at amortized cost and at fair value through other comprehensive income

Loss allowances on trade accounts receivable were as follows:

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Trade Accounts Receivable – Loss Allowances

€ million	Lifetime expected credit losses (collectively assessed)	Trade accounts receivable that are credit-impaired	Total
Loss allowances as of January 1, 2023	**77**	**623**	**700**
Changes resulting from loss allowances newly recognized or derecognized in the reporting period and additions/reductions to existing loss allowances	(8)	(8)	(16)
Transfer to loss allowances for credit-impaired trade accounts receivable	(3)	3	–
Transfer from loss allowances for credit-impaired trade accounts receivable	1	(1)	–
Changes due to write-offs	–	(34)	(34)
Other changes:			
from exchange differences	(2)	(6)	(8)
Loss allowances as of December 31, 2023	**65**	**577**	**642**
Changes resulting from loss allowances newly recognized or derecognized in the reporting period and additions/reductions to existing loss allowances	(5)	(3)	(8)
Transfer to loss allowances for credit-impaired trade accounts receivable	(1)	1	–
Write-offs	–	(37)	(37)
Other changes:			–
from exchange differences	(2)	(19)	(21)
Loss allowances as of December 31, 2024	**57**	**519**	**576**

Only including receivables that are measured at amortized cost and at fair value through other comprehensive income

The expected loss rates were as follows:

B 19/4

Trade Accounts Receivables – Expected Loss Rates

	Expected loss rates				Credit-impaired	2024 total
€ million	0 to 1%	> 1 to 5%	> 5 to 10%	> 10%		
Gross carrying amount	7,285	994	52	39	675	**9,045**
Loss allowance provision	24	23	4	6	519	**576**

Only including receivables that are measured at amortized cost and at fair value through other comprehensive income

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Trade Accounts Receivables – Expected Loss Rates (Previous Year)

	Expected loss rates				Credit-impaired	2023 total
€ million	0 to 1%	> 1 to 5%	> 5 to 10%	> 10%		
Gross carrying amount	6,871	1,756	12	32	742	**9,413**
Loss allowance provision	22	36	1	6	577	**642**

Only including receivables that are measured at amortized cost and at fair value through other comprehensive income

An excess-of-loss policy exists for the Pharmaceuticals and Consumer Health segments as part of a global credit insurance program. More than 80% of the receivables of these segments are insured up to a maximum total annual compensation payment of €150 million (2023: €150 million). A global excess-of-loss policy is in place for the Crop Science segment. In this global credit insurance program, more than 80% of this segment's receivables are insured up to a maximum total annual compensation payment of €500 million (2023: €500 million).

A further €747 million (2023: €702 million) of receivables was secured by advance payments, letters of credit or guarantees or by liens on land, buildings or harvest yields.

20. Other receivables

Other receivables were comprised as follows:

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Other Receivables

	Dec. 31, 2023		Dec. 31, 2024	
€ million	Total	Of which current	Total	Of which current
Other tax receivables	1,157	1,150	1,095	1,077
Deferred charges	315	298	352	317
Net defined benefit asset	688	–	1,146	–
Assets related to other long-term employee benefits	167	–	138	–
Company-owned life insurance ("COLI")	92	–	97	–
Receivables from employees	51	51	42	42
Reimbursement claims	31	31	16	16
Miscellaneous receivables	661	500	744	600
Total	**3,162**	**2,030**	**3,630**	**2,052**

Miscellaneous receivables contained other advance payments for services amounting to €92 million (2023: €105 million).

Other receivables are stated net of impairment losses of €2 million (2023: €5 million).

21. Equity

The individual equity components and the changes therein during 2023 and 2024 are shown in the Bayer Group Consolidated Statements of Changes in Equity.

Capital management

The foremost objectives of our financial management are to maintain business operations long term, help bring about a sustained increase in Bayer's value for the benefit of all stakeholders and to ensure the Group's creditworthiness and liquidity. The pursuit of these goals means reducing our cost of capital, optimizing our capital structure, improving our financing cash flow and effectively managing risk.

The Group's capital management is based on the debt indicators used by the rating agencies. These indicators, which vary in their design, represent the ratio of period earnings to debt. We have the ambition to reduce our financial debt considerably, to increase profit and cash flow and to improve our current investment grade ratings toward the "A" category. The contracted rating agencies assess Bayer as follows: S&P Global assigns a long-term rating of BBB and a short-term rating of A-2 with a stable outlook, Moody's a Baa2/P-2 with a negative outlook, and Fitch Ratings a BBB/F2 with a stable outlook. These investment grade ratings from all three agencies reflect the company's high solvency and ensure access to a broad investor base for financing purposes.

In addition to utilizing cash inflows from our operational business to reduce net financial debt, we are implementing our financial strategy by way of vehicles such as subordinated hybrid bonds and a potential share buyback program. Net financial debt comprises bonds, liabilities to banks, lease liabilities, liabilities from derivative financial instruments and other financial liabilities less receivables from derivative financial instruments, cash and cash equivalents as well as current financial assets.

Bayer is not subject to any minimum capital requirements from major financing measures at the Group level.

Capital stock and capital reserves

The capital stock of Bayer AG on December 31, 2024, amounted to €2,515 million (2023: €2,515 million), divided into 982,424,082 (2023: 982,424,082) registered no-par shares, and was fully paid in. Each no-par share confers one voting right.

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Fully Issued Shares		
Number of shares	**2023**	**2024**
Total as of January 1	**982,424,082**	**982,424,082**
Shares purchased and reissued	–	–
Total as of December 31	**982,424,082**	**982,424,082**

Capital reserves contain premiums from the issuance of shares.

Accumulated comprehensive income

Accumulated comprehensive income comprises retained earnings and accumulated other comprehensive income. The retained earnings comprise prior years' undistributed income of consolidated companies and all remeasurements of the net defined benefit liability for pension or other post-employment benefits that are recognized outside profit or loss. The accumulated other comprehensive income comprises exchange rate effects recognized outside profit or loss that arise from the translation of the annual financial statements of subsidiaries outside the eurozone, the changes in fair values of equity instruments and cash flow hedges.

Dividend

Under the German Stock Corporation Act (AktG), the dividend payment is determined by the distributable profit reported in the annual financial statements of Bayer AG, which are prepared according to the German Commercial Code (HGB). Retained earnings were diminished by payment of the dividend of €0.11 per share for 2023. The proposed dividend for the 2024 fiscal year is €0.11 per share, which – based on the current number of shares – would result in a total dividend payment of €108 million. Payment of the proposed dividend is contingent upon approval by the stockholders at the Annual Stockholders' Meeting and therefore is not recognized as a liability in the Consolidated Financial Statements.

Equity attributable to noncontrolling interest

The changes in noncontrolling interest in equity during 2023 and 2024 are shown in the following table:

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Changes in Noncontrolling Interest in Equity

€ million	2023	2024
January 1	**153**	**151**
Changes in equity not recognized in profit or loss		
Exchange differences on translation of operations outside the eurozone	(2)	3
Other changes in equity	22	–
Dividend payments	(21)	(23)
Income after income taxes	(1)	6
December 31	**151**	**137**

Noncontrolling interest mainly pertained to the following companies:

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Material Noncontrolling Interests

	Bayer CropScience Limited, India		Bayer LLC Saudi Arabia, Saudi Arabia		Rede Agro Fidelidade e Intermediacao S.A., Brazil	
€ million	2023	2024	2023	2024	2023	2024
Interest held in noncontrolling interests (%)	28.6%	28.6%	25.0%	25.0%	40.0%	40.0%
Equity attributable to noncontrolling interest	103	93	6	7	44	39
Dividends paid to noncontrolling interest	19	18	–	–	2	5
Noncurrent assets	357	292	3	4	10	12
Current assets	402	483	140	175	196	123
Noncurrent liabilities	23	20	4	3	6	12
Current liabilities	159	215	115	148	138	74
Sales	620	599	166	178	21	19
Income after income taxes	(19)	7	12	3	12	10
of which attributable to noncontrolling interest	(5)	2	3	1	3	3
Total comprehensive income	(37)	25	12	4	14	0
of which attributable to noncontrolling interest	(11)	7	3	1	4	0
Net cash provided by (used in) operating activities	47	78	11	(1)	7	14
Net cash provided by (used in) investing activities	12	(2)	0	3	5	2
Net cash provided by (used in) financing activities	(73)	(66)	(11)	4	17	(13)

22. Provisions for pensions and other post-employment benefits

Provisions were established for defined benefit obligations pertaining to pensions and other post-employment benefits. The net liability was accounted for as follows:

B 22/1

Net Defined Benefit Liability Reflected in the Statement of Financial Position

	Pensions		Other post-employment benefits		Total	
€ million	Dec. 31, 2023	Dec. 31, 2024	Dec. 31, 2023	Dec. 31, 2024	Dec. 31, 2023	Dec. 31, 2024
Provisions for pensions and other post-employment benefits (net liability)	**3,912**	**3,122**	**102**	**190**	**4,014**	**3,312**
of which Germany	3,126	2,396	–	–	3,126	2,396
of which other countries	786	726	102	190	888	916
Assets arising from overfunded pension plans (net asset)	**688**	**1,022**	**–**	**124**	**688**	**1,146**
of which Germany	105	182	–	–	105	182
of which other countries	583	840	–	124	583	964
Net defined benefit liability	**3,224**	**2,100**	**102**	**66**	**3,326**	**2,166**
of which Germany	3,021	2,214	–	–	3,021	2,214
of which other countries	203	(114)	102	66	305	(48)

The expenses for defined benefit plans for pensions and other post-employment benefits comprised the following components:

B 22/2

Expenses for Defined Benefit Plans

	Pension plans						Other post-employment benefit plans	
	Germany		Other countries		Total		Other countries	
€ million	2023	2024	2023	2024	2023	2024	2023	2024
Current service cost	117	130	102	106	219	236	13	12
Past service cost	–	–	(19)	(32)	(19)	(32)	–	–
of which plan curtailments	–	–	(15)	(26)	(15)	(26)	–	(2)
Plan settlements	–	–	–	3	–	3	1	1
Plan administration cost paid out of plan assets	2	2	6	6	8	8	–	–
Net interest	125	95	11	13	136	108	8	8
Total	**244**	**227**	**100**	**96**	**344**	**323**	**22**	**21**

Net expenses of €15 million for defined benefit plans were attributable to the introduction of the DSO operating model, of which current service cost for pension entitlements accounted for €42 million and plan curtailments/settlements for minus €27 million.

In addition, a net gain of €453 million (2023: €424 million) from remeasurements of the net defined benefit liability was recognized outside profit or loss in 2024. Of this amount, €474 million (2023: €484 million) related to pension obligations, €6 million (2023: minus €8 million) to other post-employment benefit obligations and minus €27 million (2023: minus €52 million) to the effects of the asset ceiling, with asset surpluses not benefiting the company. Plan curtailments of €26 million were made in 2024 (2023: €15 million).

The net defined benefit liability developed as follows:

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Changes in Net Defined Benefit Liability

€ million	Defined benefit obligation	Fair value of plan assets	Effects of the asset ceiling	Net defined benefit liability
Germany				
January 1, 2024	**(12,820)**	**9,934**	**(135)**	**(3,021)**
Acquisitions	–	–	–	–
Divestments/changes in the scope of consolidation	–	–	–	–
Current service cost	(130)			(130)
Past service cost	–			–
Net interest	(474)	384	(5)	(95)
Net actuarial gain/(loss)	27			27
of which due to changes in financial parameters	(69)			(69)
of which due to changes in demographic parameters	–			–
of which experience adjustments	96			96
Return on plan assets excluding amounts recognized as interest income		204		204
Remeasurement of asset ceiling			(32)	(32)
Employer contributions		392		392
Employee contributions	(65)	29		(36)
Payments due to plan settlements	–	–		–
Benefits paid out of plan assets	182	(182)		
Benefits paid by the company	479			479
Plan administration cost paid from plan assets		(2)		(2)
December 31, 2024	**(12,801)**	**10,759**	**(172)**	**(2,214)**
Other countries				
January 1, 2024	**(7,117)**	**6,840**	**(28)**	**(305)**
Acquisitions	–	–	–	–
Divestments/changes in the scope of consolidation	1	(1)	–	–
Current service cost	(118)			(118)
Past service cost	32			32
Gains/(losses) from plan settlements	(4)			(4)
Net interest	(315)	296	(2)	(21)
Net actuarial gain/(loss)	344			344
of which due to changes in financial parameters	359			359
of which due to changes in demographic parameters	(9)			(9)
of which due to experience adjustments	(6)			(6)
Return on plan assets excluding amounts recognized as interest income		(95)		(95)
Remeasurement of asset ceiling			5	5
Employer contributions		50		50
Employee contributions	(23)	23		–
Payments due to plan settlements	33	(33)		–
Benefits paid out of plan assets	383	(383)		–
Benefits paid by the company	137			137
Plan administration costs paid out of plan assets		(6)		(6)
Exchange differences	(226)	250	5	29
December 31, 2024	**(6,873)**	**6,941**	**(20)**	**48**
of which other post-employment benefits	(538)	472	–	(66)
Total, December 31, 2024	**(19,674)**	**17,700**	**(192)**	**(2,166)**

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Changes in Net Defined Benefit Liability (Previous Year)

€ million	Defined benefit obligation	Fair value of plan assets	Effects of the asset ceiling	Net defined benefit liability
Germany				
January 1, 2023	**(12,701)**	**9,270**	**(83)**	**(3,514)**
Acquisitions	–	–	–	–
Divestments/changes in the scope of consolidation	(2)	1	–	(1)
Current service cost	(117)			(117)
Past service cost	–			–
Net interest	(483)	361	(3)	(125)
Net actuarial gain/(loss)	(75)			(75)
of which due to changes in financial parameters	126			126
of which due to changes in demographic parameters	–			–
of which experience adjustments	(201)			(201)
Return on plan assets excluding amounts recognized as interest income		615		615
Remeasurement of asset ceiling			(49)	(49)
Employer contributions		(161)		(161)
Employee contributions	(73)	30		(43)
Payments due to plan settlements	–	–		–
Benefits paid out of plan assets	180	(180)		–
Benefits paid by the company	451			451
Plan administration cost paid from plan assets		(2)		(2)
December 31, 2023	**(12,820)**	**9,934**	**(135)**	**(3,021)**
Other countries				
January 1, 2023	**(6,996)**	**6,740**	**(22)**	**(278)**
Acquisitions	–	–	–	–
Divestments/changes in the scope of consolidation	–	–	–	–
Current service cost	(115)			(115)
Past service cost	19			19
Gains/(losses) from plan settlements	(1)			(1)
Net interest	(333)	316	(2)	(19)
Net actuarial gain/(loss)	(235)			(235)
of which due to changes in financial parameters	(302)			(302)
of which due to changes in demographic parameters	39			39
of which due to experience adjustments	28			28
Return on plan assets excluding amounts recognized as interest income		171		171
Remeasurement of asset ceiling			(3)	(3)
Employer contributions		44		44
Employee contributions	(22)	22		–
Payments due to plan settlements	23	(23)		–
Benefits paid out of plan assets	365	(365)		–
Benefits paid by the company	126			126
Plan administration costs paid out of plan assets		(6)		(6)
Exchange differences	52	(59)	(1)	(8)
December 31, 2023	**(7,117)**	**6,840**	**(28)**	**(305)**
of which other post-employment benefits	(554)	452	–	(102)
Total, December 31, 2023	**(19,937)**	**16,774**	**(163)**	**(3,326)**

The benefit obligations pertained mainly to Germany (65%; 2023: 64%), the United States (19%; 2023: 19%) and the United Kingdom (6%; 2023: 6%). In Germany, current employees accounted for about 26% (2023: 27%), retirees or their surviving dependents for about 65% (2023: 64%) and former employees with vested pension rights for about 9% (2023: 9%) of entitlements under defined benefit plans. In the United States, current employees accounted for about 24% (2023: 23%), retirees or their surviving dependents for about 61% (2023: 61%) and former employees with vested pension rights for about 15% (2023: 16%) of entitlements under defined benefit plans.

The actual returns on the assets of defined benefit plans for pensions and for other post-employment benefits amounted to €776 million (2023: €1,423 million) and €13 million (2023: €40 million), respectively.

The following table shows the defined benefit obligations for pensions and other post-employment benefits along with the funded status of the funded obligations.

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Defined Benefit Obligation and Funded Status

	Pension obligation		Other post-employment benefit obligation		Total	
€ million	**2023**	**2024**	**2023**	**2024**	**2023**	**2024**
Defined benefit obligation	**19,383**	**19,136**	**554**	**538**	**19,937**	**19,674**
of which unfunded	594	641	198	184	792	825
of which funded	18,789	18,495	356	354	19,145	18,849
Funded status of funded obligations						
Overfunding	858	1,213	103	124	961	1,337
Underfunding	3,325	2,480	7	6	3,332	2,486

Pension and other post-employment benefit obligations

Group companies provide retirement benefits for most of their employees, either directly or by contributing to privately or publicly administered funds. The benefits vary depending on the legal, fiscal and economic conditions of each country. A substantial part of the pension entitlements consists of defined contribution obligations, where the minimum benefit amount is based directly on the contribution level. The obligations relate both to existing retirees' pensions and to pension entitlements of future retirees.

Bayer has set up funded pension plans for its employees in various countries. The most appropriate investment strategy is determined for each defined benefit pension plan based on the risk structure of the obligations (especially demographics, the current funded status, the structure of the expected future cash flows, interest sensitivity, biometric risks, etc.), the regulatory environment and the existing level of risk tolerance or risk capacity. A strategic target investment portfolio is then developed in line with the plan's risk structure, taking capital market factors into consideration. Further determinants are risk diversification, portfolio efficiency and the need for both a country-specific and a global risk/return profile centered on ensuring the payment of all future benefits. As the capital investment strategy for each pension plan is developed individually in light of the plan-specific conditions listed above, the investment strategies for different pension plans may vary considerably. The investment strategies are generally aligned less toward maximizing absolute returns and more toward the maximum probability of being able to finance pension commitments over the long term. For pension plans, stress scenarios are simulated and other risk analyses (such as value at risk) undertaken with the aid of risk management systems.

Bayer-Pensionskasse VVaG, Germany (Bayer-Pensionskasse), is one of the most significant post-employment benefit plans. It has been closed to new members since 2005. This legally independent fund is regarded as a life insurance company and is therefore subject to the German Insurance Supervision Act (VAG). The benefit obligations covered by Bayer-Pensionskasse comprise retirement, surviving dependents' and disability pensions. It constitutes a defined-benefit, multi-employer plan, to which the active members and their employers contribute. The company contribution is a certain percentage of the employee contribution. This percentage is the same for all participating employers, including those outside the Bayer Group, and is set by agreement between the plan's executive committee and its supervisory board, acting on a proposal from the responsible actuary. It takes into account the differences between

the actuarial estimates and the actual values for the factors used to determine liabilities and contributions. Bayer may also adjust the company contribution in agreement with the plan's executive committee and its supervisory board, acting on a proposal from the responsible actuary. The plan's liability is governed by Section 1, Paragraph 1, Sentence 3 of the German Law on the Improvement of Occupational Pensions (BetrAVG). This means that if the pension plan exercises its right under the articles of association to reduce benefits, each participating employer has to make up the resulting difference. Bayer is not liable for the obligations of participating employers outside the Bayer Group, even if they cease to participate in the plan.

Pension entitlements for people who joined Bayer in Germany in 2005 or later are granted via Rheinische Pensionskasse VVaG, Germany. Future pension payments from this defined-benefit, multi-employer plan are based on contributions and the return on plan assets; a guaranteed interest rate applies. All of the German Insurance Supervision Act (VAG) regulations and BetrAVG provisions described in the section above on Bayer-Pensionskasse apply analogously to Rheinische Pensionskasse.

Another important financing vehicle is Bayer Pension Trust e. V. (BPT), Germany. This covers further retirement provision arrangements of the Bayer Group, such as deferred compensation, pension obligations previously administered by Schering Altersversorgung Treuhand e. V., Germany, and components of other direct commitments.

The defined benefit pension plans in the United States are frozen and no significant new entitlements can be earned under these plans. The assets of all the US pension plans are held by a master trust for reasons of efficiency. The applicable regulatory framework is based on the Employee Retirement Income Security Act (ERISA), which includes a statutory 80% minimum funding requirement to avoid benefit restrictions. The actuarial risks, such as investment risk, interest-rate risk and longevity risk, remain with the company.

The defined benefit pension plans in the United Kingdom have been closed to new members for some years. Plan assets in the UK are administered by independent trustees, who are legally obligated to act solely in the interests of the beneficiaries. A technical assessment is performed every three years in line with UK regulations. This serves as the basis for developing a plan to cover any potential financing requirements. Here, too, the actuarial risks remain with the company.

The other post-employment benefit obligations outside Germany mainly comprised healthcare benefit payments for retirees in the United States.

The fair value of the plan assets to cover pension and other post-employment benefit obligations was as follows:

B 22/6

Fair Value of Plan Assets as of December 31

	Pension obligations				Other post-employment obligations	
	Germany		Other countries		Other countries	
€ million	2023	2024	2023	2024	2023	2024
Plan assets based on quoted prices in active markets						
Real estate and special real estate funds	–	–	302	317	13	11
Equities and equity funds	2,673	2,923	1,023	803	56	55
Callable debt instruments	–	–	56	73	–	1
Noncallable debt instruments	–	–	2,932	2,999	354	380
Bond funds	3,820	3,854	1,083	1,012	–	–
Derivatives	–	–	14	6	1	–
Cash and cash equivalents	592	959	108	424	1	4
Other	–	–	7	11	–	–
	7,085	**7,736**	**5,525**	**5,645**	**425**	**451**
Plan assets for which quoted prices in active markets are not available						
Real estate and special real estate funds	581	586	57	43	–	–
Equities and equity funds	339	390	64	74	–	–
Callable debt instruments	963	1,062	–	–	–	–
Noncallable debt instruments	774	805	–	–	–	–
Bond funds	–	–	109	100	–	–
Derivatives	–	–	–	–	–	–
Cash and cash equivalents	–	–	–	–	–	–
Other	192	180	633	607	27	21
	2,849	**3,023**	**863**	**824**	**27**	**21**
Total plan assets	**9,934**	**10,759**	**6,388**	**6,469**	**452**	**472**

Plan assets included assets with a carrying amount of €3,868 million (2023: €3,739 million) whose fair values are not determined based on quoted prices in active markets.

The plan assets in Germany included real estate leased by Group companies, recognized at a fair value of €72 million (2023: €63 million), and Bayer AG shares and bonds held through investment funds, recognized at their fair values of €5 million (2023: €8 million) and €6 million (2023: €7 million), respectively.

The other plan assets comprised mortgage loans granted, other receivables and qualified insurance policies.

Risks

The risks from defined benefit plans arise partly from the defined benefit obligations and partly from the investment in plan assets. These risks include the possibility that additional contributions will have to be made to plan assets in order to meet current and future pension obligations, and negative effects on provisions and equity.

Demographic/biometric risks

Since a large proportion of the defined benefit obligations comprises lifelong pensions or surviving dependents' pensions, longer claim periods or earlier claims may result in higher benefit obligations, higher benefit expense and/or higher pension payments than previously anticipated.

Investment risks

If the actual return on plan assets were below the return anticipated on the basis of the discount rate, the funded status of defined benefit plans would decrease, assuming there were no changes in other parameters. This could happen as a result of a drop in share prices, increases in market rates of interest for certain bonds, default of individual debtors or the purchase of low-risk but low-interest bonds, for example.

Interest-rate risk

A decline in capital market interest rates, especially for high-quality corporate bonds, would increase the defined benefit obligation. This effect would be at least partially offset by the ensuing increase in the market values of the corresponding debt instruments held.

Measurement parameters and their sensitivities

The following weighted parameters were used to measure the obligations for pensions and other post-employment benefits as of December 31 of the respective year:

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Parameters for Benefit Obligations

	Germany		Other countries		Total	
%	2023	2024	2023	2024	2023	2024
Pension obligations						
Discount rate	3.80	3.70	4.35	4.80	4.00	4.05
of which USA			4.90	5.50	4.90	5.50
of which UK			4.35	5.45	4.35	5.45
Projected future salary increases	2.50	2.50	3.60	3.35	2.90	2.80
Projected future benefit increases	2.10	2.00	3.10	3.10	2.45	2.35
Other post-employment benefit obligations						
Discount rate	–	–	5.75	6.05	5.75	6.05

The Heubeck RT 2018 G mortality tables were used in Germany, the Pri-2012 mortality tables with Mortality Improvement Scale MP-2021 in the United States, and 101% of S3NMA and 102% of S3NFA in the United Kingdom.

The parameter sensitivities were computed by expert actuaries based on a detailed evaluation similar to that performed to obtain the data presented in Table B 22/3. Altering individual parameters by 0.5 percentage points or mortality by 10% per beneficiary while leaving the other parameters unchanged would have impacted pension and other post-employment benefit obligations as of year-end 2024 as follows:

B 22/8

Sensitivity of Benefit Obligations

	Germany		Other countries		Total	
€ million	**Increase**	**Decrease**	**Increase**	**Decrease**	**Increase**	**Decrease**
Pension obligations						
0.5%-pt. change in discount rate	(771)	860	(289)	316	(1,060)	1,176
0.5%-pt. change in projected future salary increases	11	(11)	41	(38)	52	(49)
0.5%-pt. change in projected future benefit increases	484	(445)	77	(38)	561	(483)
10% change in mortality	(669)	645	(136)	140	(805)	785
Other post-employment benefit obligations						
0.5%-pt. change in discount rate	–	–	(20)	22	(20)	22
10% change in mortality	–	–	(12)	14	(12)	14

B 22/9

Sensitivity of Benefit Obligations (Previous Year)

	Germany		Other countries		Total	
€ million	**Increase**	**Decrease**	**Increase**	**Decrease**	**Increase**	**Decrease**
Pension obligations						
0.5%-pt. change in discount rate	(778)	867	(338)	371	(1,116)	1,238
0.5%-pt. change in projected future salary increases	13	(12)	59	(56)	72	(68)
0.5 %-pt. change in projected future benefit increases	470	(432)	91	(53)	561	(485)
10% change in mortality	(671)	647	(161)	164	(832)	811
Other post-employment benefit obligations						
0.5%-pt. change in discount rate	–	–	(22)	24	(22)	24
10% change in mortality	–	–	(14)	15	(14)	15

Provisions are also established for the obligations, mainly of US subsidiaries, to provide post-employment benefits in the form of healthcare cost payments for retirees. The valuation of healthcare costs was based on the assumption that they will increase at a rate of 6.5% (2023: 6.8%). It was assumed that this rate of increase will gradually decline to 5.0% (2023: 5.0%) by 2031 (2023: by 2031).

The following table shows the impact on other post-employment benefit obligations and total benefit expense of a one-percentage-point change in the assumed cost increase rates:

B 22/10

Sensitivity to Healthcare Cost Increases

	Increase of 1% pt.		Decrease of 1% pt.	
€ million	**2023**	**2024**	**2023**	**2024**
Impact on other post-employment benefit obligations	29	25	(25)	(23)
Impact on benefit expense	2	2	(1)	(1)

Payments made and expected future payments

The following payments or asset contributions correspond to the employer contributions made or expected to be made to funded benefit plans:

B 22/11

Employer Contributions Paid or Expected

	Germany			Other countries		
€ million	**2023**	**2024**	**2025 expected**	**2023**	**2024**	**2025 expected**
Pension obligations	(161)	392	91	62	65	51
Other post-employment benefit obligations	–	–	–	(18)	(15)	3
Total	**(161)**	**392**	**91**	**44**	**50**	**54**

Bayer had previously been committed to making deficit contributions for its UK pension plans of approximately GBP27 million annually, although this fixed commitment ceased to apply from 2022. For its US pension plans, Bayer did not make any deficit contributions in 2024 or in 2023, and expects to make zero or only very low regular payments in 2025 as most of these plans are closed and frozen.

Pensions and other post-employment benefits payable in the future from funded and unfunded plans are estimated as follows:

B 22/12

Future Benefit Payments

	Payments out of plan assets				Payments by the company			
		Pensions	Other post-employment benefits			Pensions	Other post-employment benefits	
€ million	**Germany**	**Other countries**	**Other countries**	**Total**	**Germany**	**Other countries**	**Other countries**	**Total**
2025	192	478	24	694	523	121	30	674
2026	192	408	22	622	531	94	24	649
2027	193	410	22	625	531	95	25	651
2028	193	417	24	634	533	99	26	658
2029	194	424	22	640	534	104	27	665
2030–2034	977	2,054	108	3,139	2,493	572	135	3,200

The weighted average term of the pension obligations is 14.2 years (2023: 13.5 years) in Germany and 10.9 years (2023: 11.9 years) in other countries. The weighted average term of the obligations for other post-employment benefits in other countries is 8.6 years (2023: 9.1 years).

23. Other provisions

Changes in the various provision categories in 2024 were as follows:

B 23/1

Changes in Other Provisions

€ million	Other taxes	Environmental protection	Restructuring	Trade-related commitments	Litigations	Personnel commitments	Miscellaneous	Total
January 1, 2024	**48**	**654**	**902**	**281**	**6,540**	**1,834**	**765**	**11,024**
Additions	18	106	1,193	295	217	2,759	375	4,963
Utilization	(13)	(38)	(1,329)	(305)	(861)	(1,414)	(319)	(4,279)
Reversal	(6)	(66)	(80)	(15)	(34)	(946)	(131)	(1,278)
Interest cost	–	29	16	–	266	10	5	326
Exchange differences	(2)	37	6	(7)	381	39	(6)	448
December 31, 2024	**45**	**722**	**708**	**249**	**6,509**	**2,282**	**689**	**11,204**
of which current	11	127	304	212	1,323	1,651	180	3,808

The provisions were partly offset by reimbursement claims in the amount of €11 million (2023: €20 million), which were recognized as receivables. These reimbursement claims primarily related to product liability. The utilization of provisions for restructuring in 2024 comprised a reclassification of €791 million to other liabilities as liabilities to employees.

Environmental protection

Provisions for environmental protection are mainly established for the expected costs of ensuring compliance with environmental regulations, remediation work on contaminated land, recultivation of landfills, and redevelopment and water protection measures.

Restructuring

Provisions for restructuring only cover expenses that arise directly from restructuring measures, are necessary for restructuring and are not related to future business operations. Such expenses include severance payments to employees and compensation payments in respect of rented property that is no longer used.

Restructuring measures may include the sale or termination of business units, site closures, relocations of business activities or fundamental reorganizations of business units.

Provisions for restructuring included €696 million (2023: €889 million) for severance payments and €12 million (2023: €13 million) for other restructuring expenses. The breakdown of provisions by segment was as follows: €161 million (2023: €125 million) at Crop Science, €288 million (2023: €403 million) at Pharmaceuticals, €37 million (2023: €13 million) at Consumer Health and €222 million (2023: €361 million) in Enabling Functions/All Other Segments.

In 2023, Bayer announced the introduction of a new operating model for the entire Group. The aim of the new system, which is called Dynamic Shared Ownership (DSO), is to ensure we adopt an even stronger orientation toward customer needs and deploy resources more efficiently.

In late 2023, the company began to undertake its first specific communication measures to inform affected employees and employee representatives, which meant that corresponding provisions had to be established under IAS 37. Further provisions were established in 2024 based on the development of detailed formal plans for the planned measures and the communication thereof to the affected employees.

The increase in provisions for restructuring at Crop Science was attributable to additions for the ongoing programs. This was partly offset by effects of severance payments resulting from reorganization measures and the above-mentioned reclassification of restructuring provisions to other liabilities.

The decline in provisions for restructuring at Pharmaceuticals was also mainly due to the reclassification of provisions to other liabilities. Severance payments were also made in connection with the restructuring plans particularly in Germany, France and the United States. The aforementioned effects were partly offset by further additions to the provisions for restructuring.

Additions to provisions for restructuring in the Consumer Health Division more than offset the opposing effects from the utilization thereof and the reclassification of sufficiently likely payments to liabilities to employees.

As was the case in the divisions, the decline in Enabling Functions/All Other Segments was largely attributable to the reclassification of provisions to other liabilities. In this segment as well, additions were undertaken in connection with the development of the restructuring measures defined in the previous years.

Trade-related provisions

Trade-related provisions are recorded mainly for obligations related to services performed but not yet invoiced and to sales commissions not recognized under trade accounts payable.

Litigations

The legal risks currently considered to be material, and their development, are described in Note [30].

Personnel-related provisions

Personnel-related provisions include those for variable, performance-related one-time payments to employees, stock-based payments, and payments related to long-service anniversaries, early retirement programs and pre-retirement part-time working arrangements. Provisions for severance payments resulting from restructuring are reflected in provisions for restructuring.

Stock-based programs

Bayer offers the stock-based programs Aspire 2.0, Aspire 3.0, Aspire Global Plan, LTI Board Plan and BayShare 2024 collectively to different groups of employees. The Aspire 2.0, Aspire 3.0, Aspire Global Plan and LTI Board Plan programs are accounted for in accordance with the requirements of IFRS 2 concerning cash-settled share-based payment transactions. By contrast, the BayShare stock-based participation program is accounted for in line with the requirements of IFRS 2 concerning equity-settled share-based payment transactions. Provisions are established for all awards to be made under the Aspire 2.0, Aspire 3.0, Aspire Global Plan and LTI Board Plan programs. The provisions are recognized in the amount of the fair value of the obligations existing as of the date of the financial statements. All resulting changes in value are recognized in profit or loss.

The following table shows the changes in the provisions established for Aspire 2.0, Aspire 3.0, Aspire Global Plan and LTI Board Plan:

B 23/2

Changes in Provisions

€ million	Stock-based programs
January 1, 2024	**421**
Additions	640
Utilization	(148)
Reversal	(701)
Exchange differences	17
December 31, 2024	**229**

The value of the Aspire 3.0 program that was fully earned as of year-end 2024 and will be paid out by April 2025 based on target attainment of 23% amounts to €55 million (2023: €135 million).

The net gain for all stock-based compensation programs was €58 million (2023: €153 million) and included expenses of €3 million (2023: €5 million) for the BayShare stock participation program. The development in 2024 was primarily due to the performance of Bayer stock. The decline in 2023 was primarily due to the development of the underlying parameters to determine the fair value of liabilities, such as Bayer's share price and ROCE. For information on the hedging of stock-based compensation for our employees and the resulting additional effects on the income statement, see Note [27.3].

Long-term incentive program Aspire 2.0

Aspire 2.0 is based on a percentage of each employee's annual base salary, the percentage varying according to their position. This target value is multiplied by the employee's STI (short-term incentive) payment factor for the previous year to give the Aspire grant value. The STI payment factor reflects the business performance under the global short-term incentive program. The Aspire grant value is converted into virtual Bayer shares by dividing it by the share price at the start of the program. The program's performance is based on these virtual shares. Each tranche runs for four years.

The fair value of the obligations is derived from the price of Bayer stock at year-end and the dividends paid up to that time. The payment made at the end of each tranche is determined by multiplying the number of virtual shares by the Bayer share price at that time and adding an amount equivalent to the dividends paid during the period of the tranche. The maximum payment for Aspire 2.0 is 250% of the Aspire grant value.

Long-term incentive program Aspire 3.0

Due to the introduction of Aspire 3.0 in 2020, Bayer's long-term compensation program now includes a series of additional strategic performance indicators that are aligned toward the company's strategy. Eligibility was limited to the members of the Board of Management in the first year of the program. However, since the beginning of 2021, it has also been made available to eligible employees below this level.

As with Aspire 2.0, the annual tranches are granted over a four-year term in the form of virtual shares. This program is also based on a percentage of each employee's annual base salary (the so-called LTI target amount), the percentage varying according to their position. The number of virtual shares is determined by dividing the LTI target amount by the price of Bayer shares at the beginning of the program. However, the individual STI payout factor is no longer taken into consideration when calculating the number of virtual shares.

The fair value of the obligations continues to be determined from the price of Bayer stock and the dividends already paid. Compared with Aspire 2.0, however, there is also an additional performance factor to be taken into account that comprises three weighted performance components: relative capital market performance (40%), return on investment (40%) and sustainability (20%). The final LTI payout is determined by multiplying the number of virtual shares by the Bayer share price at the end of the performance period and the performance factor mentioned above, and then adding an amount equivalent to the dividends paid during the performance period. The maximum payout is 250% of the LTI target amount. Detailed

information on the stock-based compensation of the Board of Management and the three performance components mentioned above can be found in the Compensation Report (www.bayer.com/cpr).

Long-term incentive program Aspire Global Plan (from the 2024 tranche)

The Aspire Global Plan (from the 2024 tranche) is a long-term Bayer incentive program with a term of three years. The Aspire Global Plan is also based on a percentage of each employee's annual base salary (the so-called LTI target amount), the percentage varying according to their position. The number of virtual shares is determined by dividing the LTI target amount by the price of Bayer shares at the beginning of the program.

The value of the virtual shares is determined by multiplying the number of virtual shares by the sum of the price of Bayer shares at the end of the program and the amount equivalent to the dividends paid during the performance period. The value of the virtual shares has a weighting of 80% in the final LTI payout, while the remaining 20% is based on target attainment for the ESG performance component. The payout is capped at 250% of the LTI target amount.

Long-term incentive program LTI Board Plan (from the 2024 tranche)

The compensation program LTI Board Plan was introduced for the Board of Management of the Bayer Group at the beginning of 2024. Members of the Board of Management are eligible to participate in the annual tranches of the four-year, share-based LTI provided that they purchase an individually determined number of Bayer shares as a personal investment and hold them for a specified period of time.

The LTI target amount is divided by the fair value of the conditionally granted virtual Bayer share at the beginning of the program to determine the conditional number of virtual shares. The final number of virtual shares is determined by multiplying the total target attainment by the provisional number of virtual shares. Overall target attainment is capped at 200% and comprises two weighted performance components: relative capital market performance (80%) and sustainability (20%). Depending on how well the company performs, the target attainment levels for the two performance criteria may vary between 0% and 200%. Overall target attainment of 0% results in an LTI payout of zero.

The payout is calculated by multiplying the final number of virtual shares by the sum of the arithmetic mean of the XETRA closing prices for Bayer stock on the 30 stock exchange trading days immediately preceding the end of the performance period and the total dividend equivalents paid over the four-year performance period. The dividend equivalent renders the Board of Management "dividend-neutral," with no financial incentive to keep dividends low. The payout is capped at 250% of the LTI target amount.

Detailed information on the stock-based compensation of the Board of Management and the three performance components mentioned above can be found in the Compensation Report (www.bayer.com/cpr).

BayShare 2024

All management levels and nonmanagerial employees in Germany are offered a stock participation program known as BayShare, under which Bayer subsidizes their personal investments in the company's stock. On November 13, 2024, approximately 780,000 Bayer AG shares (2023: 576,000 shares) were purchased at a price of €20.44 per share (2023: €41.85 per share) for this purpose in accordance with Section 71, Paragraph 1, No. 8 of the German Stock Corporation Act (AktG). These shares corresponded to €2.0 million (2023: €1.5 million), or 0.08% (2023: 0.06%), of the capital stock. At the time of purchase, the value of the shares was €16 million (2023: €24 million). The shares were deposited in employees' securities accounts in late 2024, meaning that Bayer AG did not hold any own shares as of December 31, 2024.

The discount granted under this program in 2024 was 20% (2023: 20%) of the subscription amount. Employees stated a fixed amount that they wished to invest in shares. The maximum subscription amount in Germany was set at €2,500 (2023: €2,500) or €5,000 (2023: €5,000), depending on the employee's position. The shares purchased must be retained until December 31, 2025.

Miscellaneous

Miscellaneous provisions include those for interest payments on income taxes and other taxes, for other liabilities, except where these are allocable to other provision categories, and for decommissioning and similar obligations.

A sensitivity analysis undertaken for certain provisions that examined the impact of a five-percentage-point change in the probabilities of occurrence in each case did not produce any material deviations from the amount of provisions established.

24. Financial liabilities

Financial liabilities were comprised as follows:

B 24/1

Financial Liabilities

	Dec. 31, 2023		Dec. 31, 2024	
€ million	Total	Of which current	Total	Of which current
Bonds and notes	40,852	3,756	38,226	4,196
Liabilities to banks	784	654	1,223	701
Lease liabilities	1,238	294	1,248	309
Liabilities from derivatives	217	217	67	67
Other financial liabilities	1,915	1,909	47	40
Total	**45,006**	**6,830**	**40,811**	**5,313**

A breakdown of financial liabilities by contractual maturity is given below:

B 24/2

Maturities of Financial Liabilities

€ million	Dec. 31, 2023	€ million	Dec. 31, 2024
2024	6,830	2025	5,313
2025	4,272	2026	4,223
2026	3,697	2027	1,776
2027	1,612	2028	3,872
2028	3,555	2029	4,336
2029 or later	25,040	2030 or later	21,291
Total	**45,006**	**Total**	**40,811**

The Bayer Group has issued the following bonds and notes:

B 24/3

Bonds and Notes

	Nominal volume as of Dec. 31, 2023	Carrying amount as of Dec. 31, 2023 (€ million)	Nominal volume as of Dec. 31, 2024	Carrying amount as of Dec. 31, 2024 (€ million)
Hybrid bonds[1]				
Hybrid bond[3] 2014/2024[2]/2074	EUR 700 million	700	-	–
Hybrid bond[4] 2019/2025[2]/2079	EUR 412 million	411	EUR 83 million	83
Hybrid bond 2019/2027[2]/2079	EUR 750 million	748	EUR 750 million	749
Hybrid bond 2022/2027[2]/2082	EUR 500 million	496	EUR 500 million	497
Hybrid bond 2022/2030[2]/2082	EUR 800 million	792	EUR 800 million	793
Hybrid bond 2023/2028[2]/2083	EUR 750 million	743	EUR 750 million	744
Hybrid bond 2023/2031[2]/2083	EUR 1,000 million	988	EUR 1,000 million	989
Hybrid bond 2024/2029[2]/2054	–	–	EUR 750 million	745
USD bonds[1]				
Maturity < 1 year	USD 2,500 million	2,257	USD 3,114 million	2,996
Maturity > 1 year < 5 years	USD 7,964 million	7,181	USD 5,850 million	5,611
Maturity > 5 years	USD 11,700 million	10,357	USD 10,700 million	10,065
EUR bonds[1]				
Maturity < 1 year	EUR 1,500 million	1,499	EUR 1,200 million	1,200
Maturity > 1 year < 5 years	EUR 5,200 million	5,188	EUR 7,250 million	7,229
Maturity > 5 years	EUR 9,550 million	9,492	EUR 6,300 million	6,263
CNY bonds[5]				
Maturity > 1 year < 5 years	–	–	CNY 2,000 million	262
Total		**40,852**		**38,226**

[1] The bonds are issued in the functional currency of the issuing entity and have a fixed coupon.
[2] Date of first option to redeem the bond early at par
[3] The hybrid bond was repurchased before the first call date.
[4] Some of the hybrid bonds were repurchased before the first call date.
[5] The bond is issued by Bayer AG in foreign currency and has a fixed coupon.

Hybrid bonds

The hybrid bonds issued by Bayer AG are subordinated, and 50% of their amount is treated as equity by three contracted rating agencies. They therefore have a more limited effect on the Group's rating-specific debt indicators than senior borrowings.

In 2024, Bayer AG issued new hybrid bonds in the amount of €750 million with a maturity of 30 years (callable on September 13, 2029) and a coupon of €5.50%. The proceeds were partially used to finance the repurchase of hybrid bonds in the amount of €328 million maturing in 2079 (callable on February 12, 2025) before the first call date. Bayer AG also repurchased hybrid bonds in the amount of €700 million maturing in 2074 (callable on July 1, 2024) before the first call date.

In 2023, Bayer AG repurchased €1.4 billion in hybrid bonds maturing in 2074 (callable on July 1, 2024) and 2079 (callable on February 12, 2025) before the first call date. To finance the repurchase, new hybrid bonds with a total volume of €1.75 billion were placed. The two tranches have a final maturity of 60 years. The first tranche in the amount of €750 million with a noncall period of 5.25 years pays a coupon of 6.625%. The second tranche in the amount of €1.0 billion with a noncall period of 8.25 years pays a coupon of 7.000%.

Other bonds

In 2024, Bayer AG placed its first-ever bond on the Chinese capital market. Known as a Panda bond, the issuance had a volume of CNY 2 billion (€256 million), a maturity of two years and a coupon of 2.2%. It was fully hedged using foreign exchange derivatives. The liability arising from the bond itself as well as the resulting interest payments therefore do not pose a currency risk for Bayer AG.

In addition, three bonds with a total volume of US$2.5 billion (€2.3 billion) and one bond with a volume of €1.5 billion were redeemed at maturity in 2024.

In 2023, Bayer AG placed new senior bonds with a total volume of €3 billion under its Debt Issuance Program. The three tranches with volumes of €750 million, €750 million and €1.5 billion have maturities of 3.25 years, 6.25 years and 10 years, respectively. The coupons of the notes are 4.000%, 4.250% and 4.625%, respectively.

In addition, Bayer US Finance LLC, United States, placed bonds with a volume of US$5.75 billion (€5.3 billion) in 2023. The five tranches with maturities of 3, 5.2, 7, 10 and 30 years have volumes of US$1.0 billion (€0.9 billion), US$1.0 billion (€0.9 billion), US$1.25 billion (€1.2 billion), US$1.75 billion (€1.6 billion) and US$0.75 billion (€0.7 billion) and coupons of 6.125%, 6.250%, 6.375%, 6.500% and 6.875%, respectively.

Furthermore, two bonds with a total volume of US$3.5 billion (€3.2 billion) and one bond with a nominal volume of €500 million were redeemed at maturity in 2023.

Liabilities to banks

Liabilities to banks increased by €439 million in 2024.

Lease liabilities

Further information on lease liabilities is given in Note [28].

Other financial liabilities

The decline in other financial liabilities in 2024 was due to the repayment of commercial paper in the amount of €1.8 billion.

Other information

A total of €5.5 billion in undrawn credit facilities remained available to the Bayer Group as of December 31, 2024 (December 31, 2023: €4.5 billion).

The bonds and liabilities to banks are subject to the customary qualitative covenants such as insolvency, change of control, merger events and negative pledge. The classification of liabilities as current or noncurrent takes into account covenants that Bayer must meet at or prior to the end of the reporting period. Bayer met all relevant covenants in 2024 and 2023.

A 30-year, US$350 million (€337 million) bond issued by Bayer Corporation, United States, in 1998, and guaranteed by Bayer AG contains a financial covenant obligating the issuing entity to maintain consolidated material net assets of at least US$1. This covenant, which is not included in any other bond issued by Bayer, is tested quarterly. Bayer met all relevant covenants in 2024 and 2023.

A loan agreement concluded by Bayer S.A., Argentina, in 2024 for a liability of ARS120 billion (€112 million) to banks contains various qualitative covenants and a material financial covenant stating that the equity of Bayer S.A. must not amount to less than ARS100 billion in 2025 and ARS90 billion in the subsequent years until all payment obligations are met. A guaranteed minimum level of equity is legally required according to the credit risk regulations of the Argentinian central bank. According to the agreement, repayment of the liabilities takes place in installments over a period of three years. Should the covenant be breached, an appropriate tolerance period is granted during which Bayer can again meet the condition through a capital increase.

Further information on the accounting for liabilities from derivatives is given in Note [27].

25. Trade accounts payable

Trade accounts payable comprised €7,485 million (2023: €7,414 million) due within one year and €33 million (2023: €42 million) due after one year.

This figure included trade accounts payable of €227 million (2023: €224 million) that Bayer will pay to the bank when due in connection with a supply chain financing program. Of this amount, €178 million has already been paid out to suppliers by the bank.

The range of payment terms by supplier in the individual regions amounts to (in days after invoicing):

B 25/1

Range of Payment Terms by Supplier in Each Region

Number of days	Liabilities that are subject of supply chain financing agreements	Liabilities that are not subject of supply chain financing agreements
North America	30 to 90	30 to 120
Europe/Middle East/Africa	60 to 120	30 to 120
Asia/Pacific	90 to 150	30 to 130
Latin America	60 to 90	30 to 120

The relatively large ranges among the liabilities that are not the subject of supply chain financing arrangements are due to the broad range of payment terms in the respective regions. On a volume-weighted basis, these are virtually equally distributed across the individual divisions, with a slight trend toward under 90 days. The proportion of payment terms that are under 30 days is three-quarters in Europe/Middle East/Africa and two-thirds in Latin America on a volume-weighted basis. Terms are more widely distributed within the respective ranges in North America and Asia/Pacific.

The Bayer Group does not believe it is exposed to a significant liquidity risk through its supplier finance agreements, as the scope of liabilities covered by a supplier finance agreement is limited and sufficient liquidity or access to sources of financing is available.

26. Other liabilities

Other liabilities comprised the following:

B 26/1

Other Liabilities

	Dec. 31, 2023		Dec. 31, 2024	
€ million	Total	Of which current	Total	Of which current
Other tax liabilities	609	586	552	547
Liabilities from derivatives	100	96	168	76
Accrued interest on liabilities	334	334	341	341
Liabilities for social expenses	175	175	177	177
Liabilities to employees	180	179	975	635
Deferred income	86	55	72	32
Miscellaneous liabilities	1,495	567	1,048	401
Total	**2,979**	**1,992**	**3,333**	**2,209**

The increase in liabilities to employees is attributable to the reclassification of restructuring provisions to other liabilities in the amount of €791 million.

The decline in miscellaneous liabilities in 2024 was largely due to settlement payments of €261 million in connection with the litigations surrounding polychlorinated biphenyls (PCBs), of which €82 million pertained to an existing liability from the previous year. The decline in miscellaneous liabilities was also attributable to milestone payments in connection with the acquisition of the US-based companies Asklepios BioPharmaceutical, Inc. (AskBio) and BlueRock Therapeutics LP (BlueRock). As the payments made during 2024 totaled €185 million, miscellaneous liabilities included remaining potential milestone payments of €666 million (2023: €956 million) in connection with these companies.

The deferred income included €36 million (2023: €27 million) in grants and subsidies received from governments, of which €3 million (2023: €3 million) was reversed through profit or loss.

27. Financial instruments

The system used by the Bayer Group to manage credit risks, liquidity risks and the different types of market-price risk (interest-rate, currency and commodity-price risks), together with its objectives, methods and procedures, is outlined in the Opportunity and Risk Report, which forms part of the Combined Management Report. It also contains more detailed information on individual market-price risks.

27.1 Financial instruments by category

The following tables show the carrying amounts and fair values of the individual financial assets and liabilities by category of financial instrument under IFRS 9 and a reconciliation to the corresponding line items in the statements of financial position. Since the line items “Trade accounts receivable,” “Other receivables,” “Financial liabilities” and “Other liabilities” contain both financial instruments and nonfinancial assets or liabilities (such as other tax receivables), the reconciliation is shown in the column headed “Nonfinancial assets/liabilities.”

B 27.1/1

Carrying Amounts and Fair Values of Financial Instruments

Dec. 31, 2024

Measurement category (IFRS 9)[1]	Carried at amortized cost	Carried at fair value [fair value for information[4]]			Nonfinancial assets/ liabilities	
		Based on quoted prices in active markets (Level 1)	Based on observable market data (Level 2)	Based on unobservable inputs (Level 3)		
€ million	**Carrying amount**	**Carrying amount**	**Carrying amount**	**Carrying amount**	**Carrying amount**	**Total**
Trade accounts receivable	7,935	282	534		215	8,966
AC	7,935					7,935
FVTPL, mandatory[2]		282				282
FVTOCI (recycling)			534			534
Nonfinancial assets					215	215
Other financial assets	297	1,122	1,303	1,804		4,526
AC	270		[266]			270
FVTPL, mandatory[2]		1,060	910	1,526		3,496
FVTOCI (no recycling), designated[3]		54		278		332
FVTPL – derivatives – no hedge accounting		8	290			298
Derivatives – hedge accounting			103			103
Lease receivables	27		[27]			27
Other receivables	469		30	82	3,049	3,630
AC	469		[469]			469
FVTPL, mandatory[2]			30	82		112
Nonfinancial assets					3,049	3,049
Cash and cash equivalents	6,191					6,191
AC	6,191		[6,191]			6,191
Total financial assets	**14,892**	**1,404**	**1,867**	**1,886**		**20,049**
of which AC	14,865					14,865
of which FVTPL		1,350	1,230	1,608		4,188
of which FVTOCI		54	534	278		866
Financial liabilities	40,653		67		91	40,811
AC	39,405	[27,124]	[10,241]			39,405
FVTPL – derivatives – no hedge accounting			67			67
Derivatives - hedge accounting						
Lease liabilities	1,248					1,248
Nonfinancial liabilities					91	91
Trade accounts payable	7,518					7,518
AC	7,518					7,518
Other liabilities	1,587	8	111	774	853	3,333
AC	1,587		[1,587]			1,587
FVTPL (nonderivative), mandatory[2]				725		725
FVTPL – derivatives – no hedge accounting		8	19	49		76
Derivatives – hedge accounting			92			92
Nonfinancial liabilities					853	853
Total financial liabilities	**49,758**	**8**	**178**	**774**		**50,718**
of which AC	48,510					48,510
of which FVTPL		8	86	774		868

[1] AC: at amortized cost
FVTOCI: at fair value through other comprehensive income
FVTPL: at fair value through profit or loss
[2] Measured at fair value through profit or loss as required by IFRS 9
[3] Measured at fair value through other comprehensive income under IFRS 9.5.7.5
[4] Fair value of the financial instruments at amortized cost under IFRS 7.29 (a)

B 27.1/2

Carrying Amounts and Fair Values of Financial Instruments (Previous Year)

Dec. 31, 2023

		Carried at fair value [fair value for information[4]]				
Measurement category (IFRS 9)[1]	Carried at amortized cost	Based on quoted prices in active markets (Level 1)	Based on observable market data (Level 2)	Based on unobservable inputs (Level 3)	Nonfinancial assets/ liabilities	
€ million	**Carrying amount**	**Carrying amount**	**Carrying amount**	**Carrying amount**	**Carrying amount**	**Total**
Trade accounts receivable	8,144	327	627		245	9,343
AC	8,144					8,144
FVTPL, mandatory[2]		327				327
FVTOCI (recycling)			627			627
Nonfinancial assets					245	245
Other financial assets	947	2,849	1,520	1,787		7,103
AC	919		[897]			919
FVTPL, mandatory[2]		2,774	1,379	1,494		5,647
FVTOCI (no recycling), designated[3]		63		261		324
FVTPL – derivatives – no hedge accounting		12	60	32		104
Derivatives – hedge accounting			81			81
Lease receivables	28		[28]			28
Other receivables	387			82	2,693	3,162
AC	387		[387]			387
FVTPL, mandatory[2]				82		82
Nonfinancial assets					2,693	2,693
Cash and cash equivalents	5,907					5,907
AC	5,907		[5,907]			5,907
Total financial assets	**15,385**	**3,176**	**2,147**	**1,869**		**22,577**
of which AC	15,357					15,357
of which FVTPL		3,113	1,439	1,608		6,160
of which FVTOCI		63	627	261		951
Financial liabilities	44,703		217		86	45,006
AC	43,465	[28,558]	[12,588]			43,465
FVTPL – derivatives – no hedge accounting			209			209
Derivatives - hedge accounting			8			8
Lease liabilities	1,238					1,238
Nonfinancial liabilities					86	86
Trade accounts payable	7,456					7,456
AC	7,456					7,456
Other liabilities	932	8	91	1,031	917	2,979
AC	932		[932]			932
FVTPL (nonderivative), mandatory[2]				1,030		1,030
FVTPL – derivatives – no hedge accounting		8	25	1		34
Derivatives – hedge accounting			66			66
Nonfinancial liabilities					917	917
Total financial liabilities	**53,091**	**8**	**308**	**1,031**		**54,438**
of which AC	51,853					51,853
of which FVTPL		8	234	1,031		1,273

[1] AC: at amortized cost
FVTOCI: at fair value through other comprehensive income
FVTPL: at fair value through profit or loss
[2] Measured at fair value through profit or loss as required by IFRS 9
[3] Measured at fair value through other comprehensive income under IFRS 9.5.7.5
[4] Fair value of the financial instruments at amortized cost under IFRS 7.29 (a)

Due to the short maturities of most trade accounts receivable and payable, other financial receivables and liabilities, and cash and cash equivalents, their carrying amounts at the closing date do not significantly differ from the fair values. Trade accounts receivable are measured at fair value through other comprehensive income if they can potentially be transferred as part of factoring agreements. In case of a transfer, all of the risks and opportunities contained in these agreements are transferred, resulting in complete derecognition of the receivables.

The fair values of financial assets and liabilities measured at amortized cost that are given for information are the present values of the respective future cash flows based on observable market data. The present values are determined by discounting the cash flows at a closing-date interest rate, taking into account the term of the assets or liabilities and also the creditworthiness of the counterparty in certain cases. Where a market price is available, however, this is deemed to be the fair value.

The fair values of financial assets measured at fair value correspond to quoted prices in active markets (Level 1), or are determined using valuation techniques based on observable market data as of the end of the reporting period (Level 2), or are the present values of the respective future cash flows, determined on the basis of unobservable inputs (Level 3).

The fair values of derivatives for which no publicly quoted prices exist in active markets (Level 1) are determined using valuation techniques based on observable market data as of the end of the reporting period (Level 2). In applying valuation techniques, credit or debt value adjustments are determined to account for the credit risk of the contractual party or Bayer.

Currency and commodity forward contracts are measured individually at their forward rates or forward prices on the closing date. These depend on spot rates or prices, including time spreads. The fair values of interest-rate hedging instruments and cross-currency interest-rate swaps were determined by discounting future cash flows over the remaining terms of the instruments at market rates of interest, taking into account any foreign currency translation as of the closing date in certain cases.

Fair values measured using unobservable inputs are categorized within Level 3 of the fair value hierarchy. This essentially applies to certain debt or equity instruments, in some cases to the fair values of embedded derivatives, and to obligations for contingent consideration in business combinations. Credit risk is frequently the principal unobservable input used to determine the fair values of debt instruments classified as “FVTPL – at fair value through profit or loss” by the discounted cash flow method. Here the credit spreads of comparable issuers are applied. A significant increase in credit risk could result in a lower fair value, whereas a significant decrease could result in a higher fair value. However, a relative change of 10% in the credit spread does not materially affect the fair value.

When determining the fair values of contingent consideration within the “FVTPL (nonderivative) – at fair value through profit or loss” category, the principal unobservable input is the estimation of the probability that, for example, predefined milestones for research and development projects will be achieved or that sales targets will be attained, as well as the timing of the payments. Changes in these estimates may lead to significant increases or decreases in fair value.

Embedded derivatives are separated from their respective host contracts if the contracts do not represent financial assets and the embedded derivatives are not closely related to them. Such host contracts are generally sale or purchase agreements relating to the operational business. The embedded derivatives cause the cash flows from the contracts to vary with exchange-rate or price fluctuations, for example. The internal measurement of embedded derivatives is performed using appropriate valuation models, such as discounted cash flow models, which are based on unobservable inputs. The relevant models include planned sales and purchase volumes, and prices derived from market data. Regular monitoring is carried out based on these fair values as part of quarterly reporting.

A long-term, structured renewable energy credit (REC) purchase agreement exists in the United States. The purchase agreement falls under the own use exemption in accordance with IFRS 9.2.4, but also contains a contract for difference, which meets the definition of an embedded derivative measured at fair value through profit and loss. At inception, the fair value of the embedded derivative equaled the

transaction price of zero. Fair value changes over the contract term are mostly influenced by future energy prices and are recognized in other operating income or expenses. As of December 31, 2024, the fair value was minus €41 million (December 31, 2023: €31 million).

The maximum default risk from financial assets that are measured at amortized cost and are subject to the impairment model is €14,892 million (2023: €15,385 million).

The maximum default risk from financial assets that are measured at fair value through other comprehensive income and are subject to the impairment model is €534 million (2023: €627 million).

The maximum default risk from existing loan commitments that are subject to the impairment model is €1,097 million (2023: €1,097 million). In this connection, expected credit losses totaling €0 million (2023: €1 million) were reversed through profit or loss.

The maximum default risk from financial assets not subject to the impairment model is €4,623 million (2023: €6,565 million).

A Bayer subsidiary holds a share – in the form of a contractually linked instrument – in a fund with which a customer finance program was established. This fund is a nonconsolidated structured entity that settles payments owed to Bayer by customers on their behalf, whereupon the contractual rights to payment from these claims expire and the associated claims are fully derecognized by Bayer upon receipt of the payment. The fund's right to payment from the customer is based on a separate agreement with the customer, the promissory note. The fund is financed by investors who have purchased shares, with Bayer holding a 15% share (2023: 13.5%) of the fund volume. The fund can hold promissory notes with a value of up to €232 million (2023: €185 million). The shares are reported under other receivables and measured at fair value through profit or loss. The carrying amount of the shares held by Bayer as of December 31, 2024, was €29 million (December 31, 2023: €25 million). The maximum default risk is equal to the respective carrying amount. If customers are unable to service their promissory notes, losses amounting to as much as 15% of the fund volume would initially be borne by Bayer, while all other losses would be borne by a bank. The fund is not consolidated as Bayer cannot exercise any control over its relevant activities.

The changes in the amount of financial assets and liabilities recognized at fair value based on unobservable inputs (Level 3) for each financial instrument category were as follows:

B 27.1/3

Development of Financial Assets and Liabilities (Level 3)

€ million	Assets – FVTPL[1]	FVTOCI (no recycling)[1]	Derivatives (net)	Liabilities – FVTPL (non-derivative)[1]	Total
Carrying amount, January 1, 2024	**1,576**	**261**	**31**	**(1,030)**	**838**
Gains/(losses) recognized in profit or loss	23	–	(79)	151	95
of which relating to assets/liabilities held at the end of the reporting period	23	–	(79)	151	95
Gains/(losses) recognized outside profit or loss	–	(45)	–	–	(45)
Additions of assets/(liabilities)	30	38	–	(19)	49
Settlements of (assets)/liabilities	(32)	–	–	226	194
Changes in scope of consolidation	–	11	–	–	11
Exchange differences	11	13	(1)	(53)	(30)
Carrying amount, December 31, 2024	**1,608**	**278**	**(49)**	**(725)**	**1,112**

[1] See table B 27.1/1 for definitions of measurement categories.

B 27.1/4

Development of Financial Assets and Liabilities (Level 3) (Previous Year)

€ million	Assets – FVTPL[1]	FVTOCI (no recycling)[1]	Derivatives (net)	Liabilities – FVTPL (non-derivative)[1]	Total
Carrying amount, January 1, 2023	**1,473**	**340**	**8**	**(1,729)**	**92**
Gains/(losses) recognized in profit or loss	71	–	24	43	138
of which relating to assets/liabilities held at the end of the reporting period	71	–	24	43	138
Gains/(losses) recognized outside profit or loss	–	(33)	–	–	(33)
Additions of assets/(liabilities)	163	22	–	(35)	150
Settlements of (assets)/liabilities	(126)	(1)	–	649	522
Changes in scope of consolidation	–	(58)	–	–	(58)
Exchange differences	(5)	(9)	(1)	42	27
Carrying amount, December 31, 2023	**1,576**	**261**	**31**	**(1,030)**	**838**

[1] See table B 27.1/2 for definitions of measurement categories.

The changes recognized in profit or loss were included in other operating income/expenses, as well as in the financial result in interest income, exchange gains or losses, and other financial income and expenses.

Income, expense, gains and losses on financial instruments can be assigned to the following categories:

B 27.1/5

Income, Expense, Gains and Losses on Financial Instruments

							2024
€ million	Assets - AC[1]	Assets - FVTPL[1]	FVTOCI (no recycling)[1]	Derivatives – no hedge accounting – FVTPL[1]	Liabilities - AC[1]	Liabilities - FVTPL (non-derivative)[1]	Total
Interest income	306	137	–	–	4	–	447
Interest expense	–	–	–	–	(1,875)	–	(1,875)
Income/(expenses) from affiliated companies	–	–	(2)	–	–	–	(2)
Changes in fair value	–	(27)	–	(34)	–	151	90
Impairment losses	(164)	–	–	–	–	–	(164)
Impairment loss reversals	97	–	–	–	–	–	97
Exchange gains/(losses)	(676)	–	–	741	(182)	–	(117)
Other financial income/(expenses)	–	–	–	–	(8)	–	(8)
Net result	**(437)**	**110**	**(2)**	**707**	**(2,061)**	**151**	**(1,532)**

[1] See table B 27.1/1 for definitions of measurement categories.

B 27.1/6

Income, Expense, Gains and Losses on Financial Instruments (Previous Year)

							2023
€ million	Assets – AC[1]	Assets – FVTPL[1]	FVTOCI (no recycling)[1]	Derivatives – no hedge accounting – FVTPL[1]	Liabilities – AC[1]	Liabilities – FVTPL (non-derivative)[1]	Total
Interest income	270	157	–	–	2	–	429
Interest expense	–	–	–	–	(1,580)	–	(1,580)
Income/(expenses) from affiliated companies	–	–	9	–	–	–	9
Changes in fair value	–	(2)	–	17	–	43	58
Impairment losses	(170)	–	–	–	–	–	(170)
Impairment loss reversals	168	–	–	–	–	–	168
Exchange gains/(losses)	25	–	–	(208)	(113)	–	(296)
Other financial income/(expenses)	(78)	–	–	–	27	–	(51)
Net result	**215**	**155**	**9**	**(191)**	**(1,664)**	**43**	**(1,433)**

[1] See table B 27.1/2 for definitions of measurement categories.

The interest income and expense from assets and liabilities within the AC category also included income and expenses from interest-rate derivatives that qualified for hedge accounting. Income and expenses from lease receivables and lease liabilities, respectively, are also included here.

Interest income from debt instruments within the FVPTL category is included in interest income and primarily concerns interest income from the capital provided to Bayer-Pensionskasse for its effective initial fund and from money market funds. The changes in the fair value of assets within the FVTPL category mainly included changes in the fair value of the interests in Century and Pyxis, as well as changes in the fair value of loan capital provided to Bayer-Pensionskasse for its effective initial fund and investments in money market funds and mixed funds. Dividend income and profit and loss compensation from profit and loss transfer agreements are reported under income and expenses from affiliated companies. The changes in the fair value of derivatives that do not qualify for hedge accounting primarily related to embedded derivatives.

Changes in the fair value of (nonderivative) liabilities within the FVTPL category mainly included changes in the fair value of obligations for contingent consideration in connection with business acquisitions.

Derivatives that form part of a master netting arrangement, constitute a financial asset or liability, and can only be netted in the event of breach of contract by, or insolvency of, one of the contracting parties do not satisfy, or only partially satisfy, the criteria for offsetting in the statement of financial position according to IAS 32. The volume of such derivatives with positive fair values was €383 million (2023: €118 million), and the volume with negative fair values was €173 million (2023: €322 million). Included here is an amount of €111 million (2023: €109 million) in positive and negative fair values of derivatives concluded with the same contracting party.

27.2 Maturity analysis

The liquidity risks to which the Bayer Group was exposed through its financial instruments at the end of the reporting period comprised obligations for future interest and repayment installments on financial liabilities and the liquidity risk arising from derivatives.

There were also loan commitments of €965 million (2023: €965 million) and €132 million (2023: €132 million) relating to as yet unpaid portions of the effective initial funds of Bayer-Pensionskasse VvaG and Rheinische Pensionskasse VVaG, respectively, which may result in further payments by Bayer AG in subsequent years.

The undiscounted, contractually agreed cash inflows/outflows (notional amounts) from financial instruments are shown in the following tables:

B 27.2/1

Maturity Analysis of Financial Instruments

	Dec. 31, 2024	2025	2026	2027	2028	2029	after 2029
€ million	Carrying amount	Interest and repayment					
Financial liabilities							
Bonds	38,226	5,359	5,072	2,721	4,862	5,132	28,420
Liabilities to banks	1,132	693	265	221	67	60	40
Remaining liabilities	1,295	416	301	205	145	149	356
Trade accounts payable	7,518	7,485	18	5	9	1	–
Other liabilities							
Accrued interest on liabilities	341	341	–	–	–	–	–
Remaining liabilities	1,971	1,023	456	330	98	79	547
Liabilities from derivatives	235	87	34	15	2	3	28
With gross settlement		56	(2)	–	–	–	–
Cash outflows		5,342	226	–	–	–	–
Cash inflows		(5,286)	(228)	–	–	–	–
With net settlement		31	36	15	2	3	28
Cash inflows/(outflows)		31	36	15	2	3	28
Loan commitments	–	1,097	–	–	–	–	–
Financial guarantees	–	24	–	–	–	–	–
Total	**50,718**	**16,525**	**6,146**	**3,497**	**5,183**	**5,424**	**29,391**

B 27.2/2

Maturity Analysis of Financial Instruments (Previous Year)

€ million	Dec. 31, 2023 Carrying amount	2024	2025	2026	2027	2028	after 2028
		Interest and repayment					
Financial liabilities							
Bonds	40,852	4,920	5,392	4,655	2,633	4,555	32,691
Liabilities to banks	699	589	6	131	–	–	–
Remaining liabilities	3,153	2,296	308	208	146	106	399
Trade accounts payable	7,456	7,414	26	5	3	2	8
Other liabilities							
Accrued interest on liabilities	334	334	–	–	–	–	–
Remaining liabilities	1,628	733	284	205	267	287	222
Liabilities from derivatives	317	348	(1)	–	–	–	–
With gross settlement		172	–	–	–	–	–
Cash outflows		12,120	–	–	–	–	–
Cash inflows		(11,948)	–	–	–	–	–
With net settlement		176	(1)	–	–	–	–
Cash inflows/(outflows)		176	(1)	–	–	–	–
Loan commitments	–	1,097	–	–	–	–	–
Financial guarantees	–	25	–	–	–	–	–
Total	**54,439**	**17,756**	**6,015**	**5,204**	**3,049**	**4,950**	**33,320**

27.3 Information on derivatives

Asset and liability fair values and future cash flows are exposed to currency, interest-rate and commodity-price risks. Derivatives are used to reduce this risk. In some cases, they are designated as hedging instruments in a hedge accounting relationship.

Currency risks

Foreign currency receivables and liabilities are hedged using foreign exchange derivatives without the existence of a hedge accounting relationship.

Fluctuations in future cash flows resulting from forecasted foreign currency transactions and procurement activities are avoided partly through derivatives contracts, most of which are designated as cash flow hedges.

Interest-rate risk

The interest-rate risks from fixed-interest borrowings are managed in part using interest-rate swaps. Two interest-rate swaps totaling US$500 million were designated as fair value hedges for the US$2.5 billion bond issued in 2018 and maturing in 2025. As the interest-rate swaps expired in June 2024, no hedge-related fair value adjustments of the bond were required at the end of 2024. The carrying amount of this bond as of December 31, 2024, was €2,404 million (December 31, 2023: €2,251 million including the hedge-related fair value adjustment of €7 million).

Interest-rate risks in connection with the issuance of new bonds were partially hedged through interest-rate derivatives designated as cash flow hedges. The fair values of these derivatives as of the issuance date will be amortized from reserves for cash flow hedges into interest income and expense over the term of the bonds.

Commodity-price risks

Hedging contracts are also used to partly reduce exposure to fluctuations in future cash inflows and outflows resulting from price changes on procurement and selling markets for seeds and energy. Most of these contracts are designated as cash flow hedges.

Hedging of obligations under stock-based employee compensation programs (Aspire)

A portion of the obligations to make stock-based payments to employees is hedged against share price fluctuations using derivatives contracts that are settled in cash at maturity. These derivatives are designated as cash flow hedges.

Further information on cash flow hedges

Other comprehensive income from cash flow hedges decreased in 2024 by €16 million (2023: by €162 million) due to changes in the fair values of derivatives. Total changes of €85 million in the fair values of derivatives were recognized as income in 2024 (2023: €12 million expense) through profit or loss.

The following table shows changes in reserves for cash flow hedges (before taxes) in equity, broken down by risk category:

B 27.3/1

Changes in Reserves for Cash Flow Hedges (Before Taxes)

€ million	Currency hedging of forecasted transactions	Interest-rate hedging of forecasted transactions	Commodity price hedging	Hedging of stock-based employee compensation programs	Total
January 1, 2023	**31**	**138**	**8**	**(5)**	**172**
Changes in fair values	(34)	(33)	(65)	(30)	(162)
Reclassified to profit or loss	9	(33)	1	35	12
Reclassified to inventories	–	–	25	–	25
December 31, 2023	**6**	**72**	**(31)**	**–**	**47**
Changes in fair values	129	(2)	(100)	(43)	(16)
Reclassified to profit or loss	(87)	(21)	5	18	(85)
Reclassified to inventories	–	–	55	–	55
December 31, 2024	**48**	**49**	**(71)**	**(25)**	**1**

No material ineffective portions of these hedges required recognition through profit or loss in 2024 or 2023.

The fair values of the main derivatives in the major categories as of year-end are indicated in the following table together with the included volumes of hedges:

B 27.3/2

Fair Values of Derivatives

	Dec. 31, 2023			Dec. 31, 2024		
		Fair value			Fair value	
€ million	Notional amount[1]	Positive	Negative	Notional amount[1]	Positive	Negative
Currency hedging of recorded transactions[2, 3]	**16,048**	**39**	**(209)**	**16,465**	**262**	**(67)**
Forward exchange contracts	16,048	39	(209)	16,465	262	(67)
Currency hedging of forecasted transactions[2, 4]	**6,456**	**81**	**(75)**	**6,168**	**106**	**(51)**
Forward exchange contracts	4,343	65	(63)	3,447	83	(35)
of which cash flow hedges	3,683	57	(48)	2,932	73	(25)
Currency options	2,113	16	(12)	2,721	23	(16)
of which cash flow hedges	2,113	16	(12)	2,629	23	(16)
Interest-rate hedging of recorded transactions[2, 3]	**454**	**–**	**(8)**	**–**	**–**	**–**
Interest-rate swaps	454	–	(8)	–	–	–
of which fair value hedges	452	–	(8)	–	–	–
Commodity price hedging[2, 4]	**1,065**	**15**	**(14)**	**1,401**	**15**	**(11)**
Forward commodity contracts	1,035	11	(14)	1,157	9	(11)
of which cash flow hedges	857	8	(6)	1,069	6	(7)
Commodity option contracts	30	4	–	244	6	–
of which cash flow hedges	–	–	–	129	1	–
Hedging of stock-based compensation programs[2, 4]	**–**	**–**	**–**	**216**	**–**	**(44)**
Forward share transactions	–	–	–	216	–	(44)
of which cash flow hedges	–	–	–	216	–	(44)
Total	**24,023**	**135**	**(306)**	**24,250**	**383**	**(173)**
of which current derivatives	23,672	131	(303)	23,090	375	(124)
for currency hedging	22,323	116	(281)	21,863	360	(113)
for interest-rate hedging[5]	454	–	(8)	–	–	–
for commodity price hedging	895	15	(14)	1,227	15	(11)

[1] The notional amount is reported as gross volume, which also contains economically closed hedges.
[2] Derivatives with positive fair values are recognized under “Other financial assets” in the statement of financial position.
[3] Derivatives with negative fair values are recognized under “Financial liabilities” in the statement of financial position.
[4] Derivatives with negative fair values are recognized under “Other liabilities” in the statement of financial position.
[5] The portion of the fair value of long-term interest-rate swaps that relates to short-term interest payments is reported as current.

The hedging rates for the material currency pairs of the currency hedging derivatives existing at year-end that qualified for hedge accounting were as follows:

B 27.3/3

Hedging Rates of Derivatives – Hedge Accounting

	Dec. 31, 2023	Dec. 31, 2024
	Short-term derivatives	Short-term derivatives
	Average hedging rate	Average hedging rate
Currency hedging of forecasted transactions		
Forward exchange contracts – cash flow hedges		
EUR/BRL	5.67	6.35
EUR/CNH	7.63	7.76
EUR/JPY	146.25	158.61

28. Leases

The accounting policy options exercised with respect to leases are outlined in Note [3].

Lease contracts in which Bayer is the lessee mainly pertain to real estate, machinery, equipment or vehicles. Lease contracts are negotiated individually and each contain different arrangements on extension, termination or purchase options, for example.

Land and building leases in which Bayer is the lessee have average terms of 8.7 years (2023: 8.1 years). In many cases, the payments agreed under these leases are adjusted annually based on the development of the consumer price index for the respective country. Building leases generally contain clauses that prohibit subleasing except with the consent of the lessor. Leases of assets other than land or buildings have average terms of 6.4 years (2023: 5.8 years).

Like in the previous year, approximately half of all contracts (excluding vehicle leases) contain an option for Bayer as lessee to terminate the lease on a date specified in the contract. As in the prior year, roughly half of all contracts with a fixed minimum term (excluding vehicle leases) grant Bayer as lessee an extension option. Vehicle leases generally contain a right of early return and an extension option.

The carrying amounts of the following right-of-use assets are recognized under property, plant and equipment:

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Right-of-Use Assets

€ million	Dec. 31, 2023	Dec. 31, 2024
Land and buildings	829	769
Investment property	–	6
Plant installations and machinery	89	89
Furniture, fixtures and other equipment	232	269
Construction in progress and advance payments	5	6
Total	**1,155**	**1,139**

Additions to right-of-use assets in 2024 amounted to €421 million (2023: €539 million).

The maturities of the outstanding lease payments were as follows:

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Maturities of Lease Payments

€ million	Dec. 31, 2023	Dec. 31, 2024
Maturing within 1 year	357	376
Maturing in 1-5 years	760	793
Maturing after 5 years	399	356
Total	**1,516**	**1,525**

The depreciation of right-of-use assets in 2024 pertained to the following asset groups:

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Depreciation of Right-of-Use Assets

€ million	2023	2024
Land and buildings	219	207
Plant installations and machinery	29	28
Furniture, fixtures and other equipment	129	123
Total	**377**	**358**

In addition, the following amounts were recognized in the income statement in 2024 in connection with lease contracts in which Bayer was the lessee:

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Income Statement Impact of Leases

€ million	2023	2024
Interest expense for the unwinding of discount on lease liabilities	(72)	(77)
Expenses for short-term leases with terms longer than one month and up to 12 months	(444)	(444)
Expenses for leases with low-value underlying assets (excluding short-term leases)	(3)	(2)
Expenses for variable lease payments not included in the measurement of the lease liability	(14)	(22)
Income from subleasing of right-of-use assets	4	2
Total	**(529)**	**(543)**

Cash outflows related to lessee activities in 2024 amounted to €908 million (2023: €900 million). Unrecognized liabilities of €21 million existed as of December 31, 2024, for short-term leases that had not yet commenced (December 31, 2023: €39 million). Leases signed but not yet commenced as of December 31, 2024, (other than short-term leases) amounted to €120 million (2023: €0 million).

29. Contingent liabilities and other financial commitments

Contingent liabilities

Contingent liabilities as of December 31, 2024, amounted to €7,143 million (December 31, 2023: €6,850 million) and primarily related to tort, tax or labor law and other matters in countries including the United States, Germany and Brazil. This mainly comprised litigations related to the BASF arbitration proceeding, polychlorinated biphenyls (PCBs) and patent disputes pertaining to our Intacta RR2 PRO™ soybean technology. For more information on the above-mentioned matters, see Note [30], "Legal risks." Both the assessment of the contingent liabilities and the assessment of the probability of the outflow of resources are subject to a high degree of uncertainty.

Other financial commitments

The other financial commitments were as follows:

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Other Financial Commitments

€ million	Dec. 31, 2023	Dec. 31, 2024
Commitments under purchase agreements for property, plant and equipment	807	549
Contractual obligation to acquire intangible assets	184	128
Capital contribution commitments	243	237
Unpaid portion of the effective initial fund	1,097	1,097
Potential payment obligations under collaboration agreements and contingent payments from acquisitions that do not constitute business combinations	3,576	2,872
Revenue-based milestone payment commitments	3,207	3,339
Total	**9,114**	**8,222**

The expected maturities of payment obligations under collaboration agreements and revenue-based milestone payment commitments are as follows:

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Maturities of Other Financial Liabilities

	Potential payment obligations under collaboration agreements and contingent payments from acquisitions that do not constitute business combinations		Revenue-based milestone payment commitments	
€ million	2023	2024	2023	2024
Maturing within 1 year	354	258	70	–
Maturing in 1–5 years	801	850	785	473
Maturing after 5 years	2,421	1,764	2,352	2,866
Total	**3,576**	**2,872**	**3,207**	**3,339**

The Bayer Group has entered into cooperation agreements with third parties under which it has agreed to fund various projects or has assumed other payment obligations based on the achievement of certain milestones or other specific conditions. The amounts shown represent the maximum payments to be made, and it is unlikely that they will all fall due. Since the achievement of the conditions for payment is highly uncertain, both the amounts and the dates of the actual payments may vary considerably from those stated in the table.

30. Legal risks

As a global company with extensive business activities, the Bayer Group is exposed to numerous legal risks, particularly in the areas of product liability, competition and antitrust law, anticorruption, patent disputes, tax assessments and environmental matters. The outcome of any current or future proceedings cannot normally be predicted. It is therefore possible that legal or regulatory judgments or future settlements could give rise to expenses that are not covered, or not fully covered, by insurers' compensation payments and could significantly affect our sales and earnings. The legal proceedings referred to below do not represent an exhaustive list of all legal proceedings, but such legal proceedings we currently consider to be material.

Product-related litigation

Essure™: In the United States, a large number of lawsuits by users of Essure™, a medical device offering permanent birth control with a nonsurgical procedure, have been served upon Bayer. Plaintiffs allege personal injuries from the use of Essure™, including hysterectomy, perforation, pain, bleeding, weight gain, nickel sensitivity, depression and unwanted pregnancy, and seek compensatory and punitive damages. Almost all of the US claims have been settled. The remaining provision for settlements and legal fees amounts to approximately US$54 million (€52 million) as of December 31, 2024. At the same time, we continue to support the safety and efficacy of the Essure™ device and are prepared to vigorously defend it in litigation where no amicable resolution can be achieved.

As of January 31, 2025, two Canadian lawsuits relating to Essure™ seeking class action certification had been served upon Bayer. One of the proposed class actions has been certified. In addition, approximately 170 single-plaintiff claims have been served upon Bayer. Bayer believes it has meritorious defenses and intends to defend itself vigorously.

Bayer believes the risks remaining in this litigation are no longer material.

Class actions over neonicotinoids in Canada: Proposed class actions against Bayer have been filed in Quebec and Ontario (Canada) concerning crop protection products containing the active substances imidacloprid and clothianidin (neonicotinoids). The plaintiffs are honey producers, who have filed a proposed nationwide class action in Ontario and a Quebec-only class action in Quebec. The plaintiffs are claiming for compensatory damages and punitive damages and allege Bayer and another crop protection company were negligent in the design, development, marketing and sale of neonicotinoid pesticides. The proposed Ontario class action is in a very early procedural phase. In Quebec, a court certified a class proposed by plaintiffs in 2018. Bayer believes it has meritorious defenses and intends to defend itself vigorously.

Roundup™ (glyphosate): A large number of lawsuits from plaintiffs claiming to have been exposed to glyphosate-based products manufactured by Bayer's subsidiary Monsanto Company ("Monsanto") have been served upon Monsanto in the United States. Glyphosate is the active ingredient contained in a number of Monsanto's herbicides, including Roundup™-branded products. Plaintiffs allege personal injuries resulting from exposure to those products, including non-Hodgkin lymphoma (NHL) and multiple myeloma, and are seeking compensatory and punitive damages. The plaintiffs are claiming, inter alia, that the glyphosate-based herbicide products are defective and that Monsanto knew, or should have known, of the risks allegedly associated with such products and failed to adequately warn its users. Additional lawsuits are anticipated. The majority of plaintiffs have brought actions in state courts in Missouri.

As of January 31, 2025, Monsanto had reached settlements and/or was close to settling in a substantial number of claims. Of the approximately 181,000 claims in total, approximately 114,000 have been settled or are not eligible for various reasons.

As of January 31, 2025, there have been 27 Roundup™ trials concluded before both federal and state courts in California, Missouri, Oregon, Arkansas, Delaware, Illinois and Pennsylvania. In 17 of those trials, favorable outcomes were achieved on behalf of Monsanto, including 13 defense verdicts, one hung jury resulting in a mistrial, one mistrial based on plaintiff's motion, one directed verdict on behalf of Monsanto, and one dismissal of plaintiff's claims with prejudice mid-trial. In the other 10 trials, the plaintiffs were awarded compensatory damages and, in most cases, a multiple thereof in punitive damages. A few of these cases have been settled later, but in most cases Monsanto has filed post-trial motions or appealed the jury verdicts. Our motions challenge these verdicts based on, in our opinion, numerous evidentiary and legal errors, as well as unconstitutionally excessive damage awards.

In July 2024, one of the 13 defense verdicts was overturned by the appellate court, and a re-trial may be scheduled. With regard to the other appeal cases, in August 2024, the Third Circuit Federal Court of Appeals issued its ruling in Schaffner, unanimously holding that the state-based failure-to-warn claims in this case are expressly preempted by the Federal Insecticide Fungicide and Rodenticide Act (FIFRA). This decision on federal preemption creates a circuit split with prior decisions of the Ninth (Hardeman) and Eleventh (Carson) Circuits and may lead to a review by the US Supreme Court to settle this central issue of law. Bayer is considering the impact of this ruling on other pending litigation and is going to present its arguments, as fully embraced by the Third Circuit, to the US Supreme Court in due course.

As of December 31, 2024, Bayer's provision for the glyphosate litigation totaled US$5.9 billion (€5.7 billion). Bayer continues to believe there is no reason for safety concerns in connection with the products mentioned above.

As of January 31, 2025, a total of 29 Canadian lawsuits (class actions and individual actions) relating to Roundup™ are pending against Bayer. The lead class action was partially certified and will proceed on the merits.

Bayer believes it has meritorious defenses and intends to defend the safety of glyphosate and our glyphosate-based formulations vigorously.

Dicamba: In 2016, Bader Peach Farms filed a lawsuit against Monsanto and BASF SE ("BASF") in Missouri state court. Subsequently, lawsuits from approximately 250 plaintiffs were filed in both US state and federal courts alleging crop damage claims against Monsanto, primarily for soybeans. The general claims are that off-target movement of dicamba herbicide and/or the Xtend™ system has damaged non-dicamba-tolerant soybean and other crops. The Bader Peach Farms case was settled in 2022 without admission of liability.

Bayer continues to receive new dicamba-related claims that could result in potential future lawsuits. A mass tort settlement agreement was reached. The settlement provides for the payment of substantiated claims by soybean growers in crop years 2015 to 2020 who can demonstrate a yield loss due to the application of dicamba products to an Xtend™ crop. That portion of the settlement is capped at US$300 million. The settlement also provides for additional funds of up to US$100 million to pay for dicamba damage claims made by growers of other, non-soybean crops, as well as attorneys' fees, litigation costs and settlement administration costs. The settlement claims administration process is ongoing. Taking into account the payments already made, the remaining provision for settlements amounts to approximately US$54 million (€52 million) as of December 31, 2024.

There are lawsuits pending in Texas brought on behalf of approximately 50 grape vineyards alleging damage in years 2017–2024 (Timmons). Bayer believes it has meritorious defenses and intends to defend itself vigorously.

Insurance against statutory product liability claims
In connection with the above-mentioned product-related litigations, Bayer is insured against statutory product liability claims to the extent customary in the respective industries and has, based on the information currently available, taken corresponding accounting measures. However, the accounting measures relating to, in particular, Essure™ and Roundup™ (glyphosate) claims exceed the available insurance coverage.

Patent disputes

Bollgard II RR Flex™/Intacta RR2 PRO™: In 2019, the Cotton Producers Association of the State of Mato Grosso ("AMPA") in Brazil filed a patent invalidity action in federal court seeking to invalidate four of Bayer's patents covering Bollgard II RR Flex™, a cotton technology owned by Bayer. In 2020, the Brazilian patent office, in the court proceedings, acknowledged the validity of all four challenged patents. Two of the patents are also being challenged in administrative nullity proceedings before the Brazilian patent office. One of the patents, the promoter patent which expired in 2022, is also at issue in a patent invalidation action filed in Brazilian federal court by the Soybean Growers Association from the State of Mato Grosso ("Aprosoja/MT") in 2017 regarding the Intacta RR2 PRO™ soybean technology. In addition to the patent invalidity claims, both lawsuits seek a refund of paid royalties. Both lawsuits were filed as collective actions and are proceeding before the same federal judge. Bayer's Intacta RR2 PRO™ soybean technology is presently protected by four patents.

In addition to the action filed in 2017 regarding the promoter patent, Aprosoja/MT is also seeking a correction of the expiration dates of all three patents protecting Bayer's Intacta RR2 PRO™ soybean technology, including the now expired promoter patent, in a separate action claiming that the two other patents had already expired and is additionally seeking a corresponding refund of paid royalties and reduction of ongoing royalty payments. In 2021, the Brazilian court in Mato Grosso decided to grant the requests by further soybean grower associations and AMPA to be admitted as co-plaintiffs to this lawsuit. One of the two patents, the promoter patent, also covers Bollgard II RR Flex™ and is at issue in the disputes with AMPA. Aprosoja/MT argues that the term of the patents had been determined unconstitutionally. In 2021, a decision by the Brazilian Supreme Court – that the term of patents previously determined to be a minimum of 10 years from the patent being granted is unconstitutional, and that this term shall instead be set at 20 years from the filing of the patent application – became final. This will apply retroactively to certain patents, thereby shortening their term. In December 2024, the court in Mato Grosso issued a decision granting all claims by Aprosoja/MT, including an order to refrain from collecting the proportional royalties for two of the three patents and to reimburse royalties paid by rural producers for the two patents after their shortened term provided that eligible rural producers file individual claims in that regard proving their entitlement to the granted reimbursement and the amount. Bayer disagrees with the decision and has appealed it. Bayer continues to believe that neither Aprosoja/MT nor other associations or rural producers are entitled to a refund of paid royalties or to a reduction of ongoing royalty payments.

MON 87429/MON 94313: In 2022, Corteva Agriscience LLC ("Corteva") filed a complaint in a US federal court against Bayer. Corteva alleges infringement of three patents held by Corteva by Bayer's herbicide tolerance technologies MON 87429 (corn) and MON 94313 (soybeans), respectively. However, Bayer asserts that its technologies do not infringe any valid patent claim of Corteva and that all three patents of Corteva are invalid. The litigation is stayed pending the final outcome of an Inter Partes Review ("IPR"), upon Bayer's request, of the three patents by the Patent Trial and Appeal Board ("PTAB") of the US Patent and Trademark Office. In December 2024, we received favorable IPR decisions from the PTAB finding all three Corteva patents invalid. The decisions can be appealed by Corteva.

Roundup Ready™ Soybean, Event GTS40-3-2: In 2023, Bayer's subsidiaries Monsanto Company and Monsanto do Brasil were served with an action filed in the Brazilian Superior Court of Justice by the rural unions of Sertão, Passo Fundo and Santiago in the State of Rio Grande do Sul (RS). The action challenges a 2019 decision by the court that had confirmed the protection of Roundup Ready™ soybeans under Brazilian patent law independent from plant variety protection and denied claims for a refund of paid royalties.

Bayer believes it has meritorious defenses in the above patent disputes and intends to defend itself vigorously.

Further legal proceedings

BASF arbitration: In 2019, Bayer was served with a request for arbitration by BASF. BASF alleged indemnification claims under asset purchase agreements signed in 2017 and 2018 related to the divestment of certain Crop Science businesses to BASF. BASF alleged that particular cost items, including certain personnel costs, had not been appropriately disclosed and allocated to some of the divested businesses. In 2022, the arbitral tribunal dismissed BASF's claims in their entirety. In 2023, the Higher Regional Court of Frankfurt am Main (Germany) rejected BASF's motion to set aside the award. However, the court found that the arbitral award was technically invalid because it did not comply with a German procedural rule regarding the signatures of the tribunal members. According to the court decision, the original arbitration proceedings had not yet come to an end and still had to be concluded by a valid arbitration award that fully complies with the procedural rules. In July 2024, the Federal Court of Justice overturned the decision of the Higher Regional Court of Frankfurt am Main and remanded the case back to the Higher Regional Court for a decision on the alleged grounds for annulment, ruling that the procedural rule regarding the signatures of the tribunal members had not been infringed.

Newark Bay environmental matters: In the United States, Bayer is a backup indemnitor for certain environmental liabilities in the Lower Passaic River and/or the Newark Bay Complex which are being satisfied by an unrelated company. Bayer is currently unable to determine the extent of its potential future liability for this matter.

Mine permit Idaho: In 2019, the United States Bureau of Land Management ("BLM") granted a permit to Bayer's subsidiary P4 Production, LLC, for a new phosphate mine in Idaho. Phosphorus is needed for glyphosate, which is contained in a number of Bayer's herbicides, including Roundup™ agricultural herbicides. In 2021, three non-governmental organizations ("NGOs") challenged the permit in the United States District Court for the District of Idaho. P4 Production joined the proceeding as an intervenor. In 2023, the court vacated the permit. Bayer has submitted a new mine permit application and is evaluating other phosphate ore mining opportunities. In September 2024, we reached a settlement with the plaintiffs. The settlement ensures that the NGOs will not challenge a new permit, which we currently expect the BLM to issue in the second half of 2025.

Asbestos: In many cases, plaintiffs allege that Bayer and co-defendants employed third parties on their sites in past decades without providing them with sufficient warnings or protection against the known dangers of asbestos. Additionally, a Bayer affiliate in the United States is the legal successor to companies that sold asbestos products until 1976. Union Carbide has agreed to indemnify Bayer for this liability. Similarly, Monsanto faces numerous claims based on exposure to asbestos at Monsanto premises without adequate warnings or protection and based on the manufacture and sale of asbestos-containing products. Bayer believes it has meritorious defenses and intends to defend itself vigorously.

PCBs: Bayer's subsidiary Monsanto has been named in lawsuits brought by various governmental entities in the United States claiming that Monsanto, Pharmacia and Solutia, collectively as a manufacturer of PCBs, should be responsible for a variety of damages due to PCBs in the environment, including bodies of water, regardless of how PCBs came to be located there. PCBs are chemicals that were widely used for various purposes until the manufacture of PCBs was prohibited by the EPA in the United States in 1979.

In 2020, Bayer entered into a class settlement, valued at approximately US$650 million, to settle claims of approximately 2,500 municipal entities. In 2022, the court issued its final approval of the class settlement. There were approximately 84 opt-outs of the class settlement, the majority of which have now filed lawsuits. In July 2024, Bayer agreed, without admission of liability, to pay US$160 million to settle the lawsuit with the City of Seattle, US$35 million of which was devoted to PCB remediation. In September 2024, Bayer agreed, without admission of liability, to pay US$35 million to settle the lawsuit with the City of Los Angeles.

In April 2024, the Maine Attorney General filed suit in state court alleging claims for damages related to PCB contamination of the state's environment, so that there are now six attorney general cases pending: Delaware, Illinois, Maine, Maryland, New Jersey and Vermont. Prior cases filed or threatened by Washington, Washington D.C., New Mexico, New Hampshire, Ohio, Pennsylvania and Virginia were settled for a combined total of approximately US$456 million. The Company also settled a pending matter with the State of Oregon for US$698 million, reflecting unique circumstances in that State.

The Vermont Attorney General case is different from the others in scope because it involves allegations of contamination not only of the state's environment but also of its school buildings. There is a similar complaint (Addison Central School District) pending in federal court (District of Vermont) by private lawyers representing 93 Vermont school districts alleging PCB contamination in school buildings. In addition, there is a pending case in Vermont on behalf of the Burlington School District and related personal injury claims (see below).

Monsanto also faces numerous lawsuits claiming personal injury due to use of and exposure to PCB products in school buildings. One group of pending cases with approximately 200 plaintiffs claims a wide variety of personal injuries allegedly due to PCBs in the building products of the school Sky Valley Education Center ("SVEC") in King County, Washington. As of January 31, 2025, 10 trials had been completed in these matters, involving a total of 80 plaintiffs. 31 of these plaintiffs were not successful as the juries decided in favor of Monsanto or a mistrial was declared after the jury was unable to reach a decision. The other 49 plaintiffs were awarded a total of approximately US$320 million in compensatory and a multiple thereof in punitive damages. The undisputed evidence in these cases does not, in Bayer's opinion, support the conclusions that plaintiffs were exposed to unsafe levels of PCBs or that any exposure could have caused their claimed injuries. Bayer has filed post-trial motions or appealed the adverse verdicts, or plans to do so, due to numerous significant trial errors. In May 2024, the Washington Court of Appeals vacated the first SVEC verdict (Erickson et al.) for compensatory damages of approximately US$50 million and a multiple thereof in punitive damages, based on multiple trial errors. Many of the identified errors should, in Bayer's opinion, carry through the other SVEC trials to date. In October 2024, the Washington Supreme Court accepted review of several issues in the Erickson matter. The other appeals have been stayed pending the Washington Supreme Court's decision.

In 2023, a putative class action lawsuit (Neddo) was filed in the District of Vermont by a mother on behalf of her three children who attended a local school. She alleges they are at increased risk of cancer from PCB exposure and seeks the cost of medical monitoring. The complaint identifies 26 allegedly contaminated schools, and the proposed class is defined as all individuals who attended or worked at one of the contaminated schools. There are also three pending personal injury cases related to the Burlington, Vermont, high school.

There are additional personal injury cases stemming from non-school PCB exposure. Nine cases are pending in Massachusetts state court involving 14 plaintiffs who allege various personal injuries from alleged exposure to PCBs in or near a former General Electric landfill. A personal injury and wrongful death lawsuit involving approximately 150 current or former employees at Clark County Government Center is pending in Nevada. These plaintiffs allege that PCBs contaminated the Center through prior operations by Union Pacific Railroad at the site. The Nevada action was dismissed by the state court, and the plaintiffs had appealed. In August 2024, the Nevada Supreme Court reversed the dismissal. Lastly, there are three cases involving five plaintiffs claiming injury due to exposure to PCBs near Monsanto's former Krummrich plant.

We believe that we also have meritorious defenses in these matters and intend to defend ourselves vigorously.

To recover costs associated with the PCB-related litigation, Bayer filed a complaint in 2022 in the Circuit Court of St. Louis County for the State of Missouri to enforce its rights under certain indemnity contracts. Under these contracts, the companies who purchased PCBs for use in their products agreed to indemnify Monsanto for PCB-related litigation costs, including settlements.

Shareholder litigation concerning Monsanto acquisition: In Germany and the United States, investors have filed lawsuits claiming damages suffered due to the drop in Bayer AG's share price. Plaintiffs allege that Bayer AG's capital market communication in connection with the acquisition of Monsanto was flawed and that the information provided by Bayer on the risks, in particular regarding glyphosate product liability claims in the United States, was insufficient. In the German proceedings, there were approximately 60 plaintiffs with claims pending as of December 31, 2024. In 2022, the Cologne Regional Court initiated a model case proceeding in accordance with the Capital Markets Model Case Act. This does not include a decision on the merits of the matter. In the parallel proceeding in the United States, the United States District Court for the Northern District of California, San Francisco Division, certified a class in 2023. Bayer believes it has duly complied with its capital markets law obligations at all times in connection with the acquisition of Monsanto and its disclosures concerning glyphosate product liability claims and intends to defend itself vigorously against the claims in all shareholder lawsuits.

Notes to the Statements of Cash Flows

The statement of cash flows shows how cash inflows and outflows during the fiscal year affected the cash and cash equivalents of the Bayer Group.

Of the cash and cash equivalents, there were no significant sums that had limited availability due to foreign exchange restrictions in 2024 or 2023.

The cash flows reported by consolidated companies outside the eurozone are translated at average monthly exchange rates. Cash and cash equivalents are translated at closing rates. The “Change in cash and cash equivalents due to exchange rate movements” is reported in a separate line item. For subsidiaries with a hyperinflationary functional currency, currencies are always translated at the respective closing rates.

31. Net cash provided by (used in) operating, investing and financing activities

Net operating cash flow in 2024 amounted to €7,368 million (2023: €5,117 million). Payments to resolve proceedings in the litigations surrounding dicamba, Essure™ and particularly PCBs and glyphosate led to a net outflow of €461 million (2023: €2,089 million). That total comprised payments resulting from agreements as well as court judgments. The transfer of government bonds to Bayer Pension Trust e. V. (BPT), Germany, totaling €300 million (2023: €0 million) was a noncash transaction and did not result in a cash outflow for operating activities. BPT is a related party as defined in IAS 24. Net operating cash flow also included payments of €209 million (2023: €411 million) from banks from the transfer of trade receivables that were neither due nor settled by customers as of December 31, 2024.

Net cash provided by investing activities in 2024 amounted to €164 million (2023: net cash of €3,517 million was used in investing activities). The net cash inflow for current financial assets came to €2,558 million (2023: net cash outflow of €113 million). These cash inflows largely arose from the sale of investments in money market funds and were used to repay debt, among other things. Cash outflows for property, plant and equipment and intangible assets amounted to €2,778 million (2023: €2,751 million). Cash inflows from the sale of property, plant and equipment and other assets amounted to €295 million (2023: €215 million). This included inflows from the sale of product rights for Progynova™ and Cyclo-Progynova™ in Asia (€70 million), Androcur™ (€26 million) and Proctosedyl™ (€22 million), and from the sale of production facilities and office buildings at various sites. Cash outflows for acquisitions, less acquired cash, amounted to €184 million (2023: €662 million) and largely related to milestone payments in connection with the acquisition of US-based Asklepios BioPharmaceutical, Inc. (AskBio) and BlueRock Therapeutics LP, as well as the UK company Blackford Analysis Ltd.

There was a net cash outflow of €7,178 million for financing activities (2023: €679 million). This included net debt repayments of €5,018 million (2023: net borrowings of €3,253 million). Net interest payments increased to €1,972 million (2023: €1,506 million). The Bayer Group paid out €131 million in dividends (2023: €2,379 million), of which €108 million (2023: €2,358 million) to Bayer AG stockholders.

The changes in liabilities arising from financing activities in 2024 are presented in the following table:

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Liabilities from Financing Activities

		Cash flows[1]	Noncash changes				
€ million	Jan. 1, 2024		Acquisitions/ divestments	Currency/ other effects	New contracts IFRS 16	Fair value changes[2]	Dec. 31, 2024
Bonds and notes	40,852	(3,828)	–	1,145	–	57	38,226
Liabilities to banks	784	468	–	(29)	–	–	1,223
Lease liabilities	1,238	(434)	1	35	331	77	1,248
Receivables/liabilities from derivatives	174	406	–	–	–	(784)	(204)
Other financial liabilities	1,915	(1,874)	–	(57)	–	63	47
Total	**44,963**	**(5,262)**	**1**	**1,094**	**331**	**(587)**	**40,540**

[1] Including paid interest that results from the unwinding of the discount on the liabilities
[2] Including changes in the carrying amounts of liabilities measured at amortized cost using the effective-interest method

The changes in liabilities arising from financing activities in 2023 were as follows:

B 31/2

Liabilities from Financing Activities (Previous Year)

		Cash flows[1]	Noncash changes				
€ million	Jan. 1, 2023		Acquisitions/ divestments	Currency/ other effects	New contracts IFRS 16	Fair value changes[2]	Dec. 31, 2023
Bonds and notes	36,602	4,910	–	(713)	–	53	40,852
Liabilities to banks	3,484	(2,569)	–	(131)	–	–	784
Lease liabilities	1,234	(446)	–	(34)	412	72	1,238
Receivables/liabilities from derivatives	112	(171)	–	(1)	–	234	174
Other financial liabilities	142	1,384	–	298	–	91	1,915
Total	**41,574**	**3,108**	**–**	**(581)**	**412**	**450**	**44,963**

[1] Including paid interest that results from the unwinding of the discount on the liabilities
[2] Including changes in the carrying amounts of liabilities measured at amortized cost using the effective-interest method

Other Information

32. Audit fees

Silvia Geberth signed the Independent Auditor's Report for the first time for the year ended December 31, 2024, and Andreas Wermelt for the first time for the year ended December 31, 2022. The auditor responsible for the audit is Silvia Geberth.

The following fees for the services of the worldwide network of Deloitte or Deloitte GmbH Wirtschaftsprüfungsgesellschaft (Deloitte GmbH WPG) were recognized as expenses:

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Audit Fees

	Deloitte		of which Deloitte GmbH WPG	
€ million	2023	2024	2023	2024
Financial statements auditing	16	16	7	7
Audit-related services and other audit work	2	1	1	1
Tax consultancy	–	–	–	–
Other services	–	1	–	–
Total	**18**	**18**	**8**	**8**

The fees for the financial statements audit services of Deloitte GmbH Wirtschaftsprüfungsgesellschaft primarily comprised those for the audits of the Consolidated Financial Statements of the Bayer Group and of the financial statements of Bayer AG and its subsidiaries. The audit-related services and other audit work performed by Deloitte GmbH Wirtschaftsprüfungsgesellschaft in 2024 mainly concerned voluntary financial statements auditing for subsidiaries and the issuance of comfort letters for capital market transactions. Audit reviews of interim financial statements were also conducted.

33. Related parties

Related parties as defined in IAS 24 are those legal entities, natural persons and close members of their family that are able to exert influence on Bayer AG and its subsidiaries or over which Bayer AG or its subsidiaries exercise control or joint control or have a significant influence. They include, in particular, nonconsolidated subsidiaries accounted for at fair value, joint ventures and associates accounted for at fair value or using the equity method, and post-employment benefit plans. Related parties also include the corporate officers of Bayer AG whose compensation is reported in Note [34] and in the Compensation Report, which is available at www.bayer.com/cpr.

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Related Parties

	Sales of goods and services		Purchase of goods and services		Receivables		Liabilities	
€ million	2023	2024	2023	2024	2023	2024	2023	2024
Nonconsolidated subsidiaries	50	49	1	1	122	71	26	28
Joint ventures	12	16	–	–	11	16	–	–
Associates	1	–	–	–	41	1	11	5
Post-employment benefit plans	–	–	–	–	1,421	1,438	119	139

Intercompany profits and losses for companies accounted for in the Consolidated Financial Statements using the equity method were immaterial in 2024 and 2023.

Bayer AG has undertaken to provide jouissance right capital (Genussrechtskapital) in the form of an interest-bearing loan with a nominal volume of €150 million (2023: €150 million) for Bayer-Pensionskasse VVaG. The entire amount remained drawn as of December 31, 2024. The carrying amount was €152 million (2023: €150 million). The loan capital provided to Bayer-Pensionskasse VVaG for its effective initial fund had a nominal volume of €1,135 million as of December 31, 2024 (December 31, 2023: €1,135 million). The carrying amount was €1,145 million (2023: €1,140 million). The outstanding receivables, comprised of different tranches, are each subject to a five-year interest-rate adjustment mechanism. Interest income of €38 million was recognized in 2024 (2023: €33 million) along with gains of €13 million (2023: €46 million) due to fair value changes. There was also an effective initial fund to start up business operations (unchanged at €3 million) of Rheinische Pensionskasse VVaG as well as retroactive loan capital for its effective initial fund with a carrying amount of €60 million (2023: €60 million). Government bonds totaling €300 million were transferred to Bayer Pension Trust e. V. (BPT), Germany, in 2024. An amount of €116 million was withdrawn at BPT from the excess of assets over liabilities for long-term accounts (“BayZeit”). An amount of €362 million was reimbursed in the previous year, in part for pension payments made by Group companies.

Other operating income of €17 million was recognized due to fully impaired receivables from the nonconsolidated subsidiary Bayer S.A., Venezuela having already been paid in previous years.

There were no material impairment losses on receivables from related parties in 2024 or 2023.

34. Total compensation of the Board of Management and the Supervisory Board, advances and loans

In 2024, the compensation of the Board of Management and the Supervisory Board according to IFRS totaled €18,797 thousand (2023: €24,604 thousand). The compensation of the Supervisory Board amounted to €5,050 thousand (2023: €4,970 thousand) and was comprised entirely of short-term non-performance-related components.

The table below shows the individual components of Board of Management compensation in accordance with IFRS.

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Board of Management Compensation According to IFRS

€ thousand	2023	2024
Base compensation	6,988	7,203
Fringe benefits	5,365	637
Pension installment	1,407	1,769
Total short-term non-performance-related compensation	**13,760**	**9,609**
Short-term performance-related cash compensation	752	5,040
Total short-term compensation	**14,512**	**14,649**
Stock-based compensation (Aspire) earned in the respective year	3,950	1,599
Change in value of existing entitlements to stock-based compensation (Aspire)	(7,684)	(1,897)
Stock-based compensation (Aspire) forfeited upon stepping down from the Board of Management	–	(1,133)
Total stock-based compensation (long-term incentive)	**(3,734)**	**(1,431)**
Service cost for pension entitlements earned in the respective year	843	529
Total long-term compensation	**(2,891)**	**(902)**
Severance payments in connection with the termination of service contracts	8,013	–
Total compensation (IFRS)	**19,634**	**13,747**

Total compensation of the Board of Management and Supervisory Board according to the German Commercial Code (HGB) amounted to €30,737 thousand (2023: €37,950 thousand), with the Board of Management accounting for €25,687 thousand (2023: €32,980 thousand) and the Supervisory Board for €5,050 thousand (2023: €4,970 thousand). The compensation of the Board of Management comprised short-term non-performance-related compensation of €9,609 thousand (2023: €13,760 thousand), short-term performance-related cash compensation of €5,040 thousand (2023: €752 thousand), and long-term stock-based cash compensation (Aspire) of €11,038 thousand (2021: €14,711 thousand).
The compensation of the Supervisory Board comprised attendance fees of €357 thousand (2023: €350 thousand), compensation for committee duties of €1,012 thousand (2023: €940 thousand) and fixed compensation of €3,681 thousand (2023: €3,680 thousand).

Pension payments to former members of the Board of Management and their surviving dependents in 2024 amounted to €13,629 thousand (2023: €13,184 thousand). According to IFRS, the defined benefit obligation for former members of the Board of Management and their surviving dependents amounted to €184,629 thousand (2023: €190,662 thousand).

There were no advances or loans to members of the Board of Management or the Supervisory Board outstanding as of December 31, 2024, or at any time during 2024 or 2023. No contingent liabilities were entered into for these individuals.

Further information on the compensation of the Board of Management and Supervisory Board is provided in the Compensation Report, which is publicly accessible at www.bayer.com/cpr.

35. Events After the End of the Reporting Period

Acquisition

On January 22, 2025, Bayer increased its interest in Natsana GmbH, Germany, from 30% to 100%. To acquire the remaining 70% of the shares, Bayer paid a preliminary purchase price of €210 million and took on loans of around €103 million. This company, previously accounted for using the equity method, is therefore fully consolidated. Preliminary remeasurement of the interest previously accounted for using the equity method resulted in an amount of €97 million. The transferred consideration largely pertains to goodwill and marketing rights. The goodwill mainly reflects Natsana's strong position in the online nutritional supplements business. The purchase price allocation has not yet been concluded as the underlying financial information is still being compiled and reviewed for subsequent allocation of the purchase price to individual assets and liabilities as well as determination of the respective figures. Natsana is an online provider focused on the sale and development of natural supplements such as vitamins, minerals, nutrients and probiotics. It distributes a range of more than 150 products through its three core brands Feel Natural, Nature Love and Natural Elements. Natsana is assigned to the Consumer Health segment.

Financial liabilities

In January 2025, Bayer AG placed another Panda bond on the Chinese capital market. The bond has a volume of CNY 2 billion (€264 million), a maturity of three years and a coupon of 2.4%. It was fully hedged using foreign exchange derivatives. The liability arising from the bond itself as well as the resulting interest payments therefore do not pose a currency risk for Bayer AG.

In the same month, Bayer AG also repaid a bond with a volume of €1.2 billion.

Leverkusen, February 20, 2025
Bayer Aktiengesellschaft

The Board of Management

Bill Anderson	Wolfgang Nickl	Stefan Oelrich
Heike Prinz	Rodrigo Santos	Julio Triana

Responsibility Statement

To the best of our knowledge, and in accordance with the applicable reporting principles for financial reporting, the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the Bayer Group, and the Combined Management Report includes a fair review of the development and performance of the business and the position of the Bayer Group and Bayer AG, together with a description of the principal opportunities and risks associated with the expected development of the Bayer Group and Bayer AG.

Leverkusen, February 20, 2025
Bayer Aktiengesellschaft

The Board of Management


Bill Anderson


Wolfgang Nickl


Stefan Oelrich


Heike Prinz


Rodrigo Santos


Julio Triana

Independent Auditor's Report

To Bayer Aktiengesellschaft, Leverkusen/Germany

REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS AND OF THE COMBINED MANAGEMENT REPORT

Audit Opinions

We have audited the consolidated financial statements of Bayer Aktiengesellschaft, Leverkusen/Germany, and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at December 31, 2024, the consolidated income statement and the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the financial year from January 1 to December 31, 2024, and the notes to the consolidated financial statements, including material accounting policy information. In addition, we have audited the combined management report for the Parent and the Group of Bayer Aktiengesellschaft, Leverkusen/Germany, for the financial year from January 1 to December 31, 2024. In accordance with the German legal requirements, we have not audited the content of those parts of the combined management report set out in the appendix to the auditor's report.

In our opinion, on the basis of the knowledge obtained in the audit,

// the accompanying consolidated financial statements comply, in all material respects, with the IFRS® Accounting Standards issued by the International Accounting Standards Board (IASB) (hereinafter "IFRS Accounting Standards") as adopted by the EU and the additional requirements of German commercial law pursuant to Section 315e (1) German Commercial Code (HGB) and, in compliance with these requirements, give a true and fair view of the assets, liabilities and financial position of the Group as at December 31, 2024 and of its financial performance for the financial year from January 1 to December 31, 2024, and
// the accompanying combined management report as a whole provides an appropriate view of the Group's position. In all material respects, this combined management report is consistent with the consolidated financial statements, complies with German legal requirements and appropriately presents the opportunities and risks of future development. Our audit opinion on the combined management report does not cover the content of those parts of the combined management report set out in the appendix to the auditor's report.

Pursuant to Section 322 (3) sentence 1 HGB, we declare that our audit has not led to any reservations relating to the legal compliance of the consolidated financial statements and of the combined management report.

Basis for the Audit Opinions

We conducted our audit of the consolidated financial statements and of the combined management report in accordance with Section 317 HGB and the EU Audit Regulation (No. 537/2014; referred to subsequently as "EU Audit Regulation") and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer (IDW). We performed the audit of the consolidated financial statements in supplementary compliance with the International Standards on Auditing (ISA). Our responsibilities under those requirements, principles and standards are further described in the "Auditor's Responsibilities for the Audit of the Consolidated Financial Statements and of the Combined Management Report" section of our auditor's report. We are independent of the group entities in accordance with the requirements of European law and German commercial and professional law, and we have fulfilled our other German professional responsibilities in accordance with these requirements. In addition, in accordance with Article 10 (2) point (f) of the EU Audit Regulation, we declare that we have not provided non-audit services prohibited under Article 5 (1) of the EU Audit Regulation. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions on the consolidated financial statements and on the combined management report.

Key Audit Matters in the Audit of the Consolidated Financial Statements

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the financial year from January 1 to December 31, 2024. These matters were addressed in the context of our audit of the consolidated financial statements as a whole and in forming our audit opinion thereon; we do not provide a separate audit opinion on these matters.

In the following, we present the key audit matters we have determined in the course of our audit:

1. Recoverability of goodwill and other intangible assets
2. Presentation of risks arising from product-related legal disputes

Our presentation of these key audit matters has been structured as follows:

a) Description (including reference to corresponding information in the consolidated financial statements)
b) Auditor's response

1. Recoverability of goodwill and other intangible assets

a) In the consolidated financial statements of Bayer Aktiengesellschaft, an amount of EUR 30,016 million (27% of total assets) is reported under the "Goodwill" item of the statement of financial position. The "Other intangible assets" item includes patents and technologies of EUR 9,646 million (9% of total assets), trademarks of EUR 5,881 million (5% of total assets) and research and development projects of EUR 3,683 million (3% of total assets). In addition, there are marketing and distribution rights, production rights as well as other rights and advance payments of EUR 2,902 million (3% of total assets). The Company allocates goodwill to the reporting segments within the Bayer Group. Regular impairment tests of goodwill and R&D projects, as well as ad-hoc impairment tests of other intangible assets, are performed by comparing the respective carrying amounts with the respective recoverable amounts. Recoverable amounts are generally determined on the basis of the fair value less costs to sell. The determination is based on capital value-oriented methods, as market values for the individual strategic business entities are usually unavailable. The fair value is determined using discounted cash flow models based on the Bayer Group's medium-term planning prepared by the executive directors, which is extrapolated on the basis of assumptions regarding long-term growth rates. Discounting is based on the weighted average cost of capital of the respective cash-generating unit. The result of this valuation is highly dependent on the executive directors' assessment of the future cash flows of the respective cash-generating unit (usually the strategic business entity or product family) as well as the discount rate applied, and is therefore subject to considerable uncertainty. Against this background and due to the underlying complexity of the valuation models, this matter was particularly relevant in the context of our audit.

   The executive directors' disclosures on goodwill and other intangible assets are included in notes 3 and 14 to the consolidated financial statements.

b) As part of our audit, we reconstructed, among other things, the methodology used to perform the impairment tests and assessed the determination of the weighted cost of capital. We satisfied ourselves of the appropriateness of the future cash inflows used in the valuation by means of a walkthrough and critical assessment of the underlying planning process, among other things. We also assessed the appropriateness of the future cash flows used in the valuation, in particular by comparing the corresponding information with the Company's medium-term planning and checking selected planning assumptions against general and industry-specific market expectations. We thoroughly examined the parameters used to determine the discount rate applied and assessed the completeness and accuracy of the calculation model. In addition, due to the material significance of goodwill, we also performed our own sensitivity analyses for the reportable segments (carrying amount compared to recoverable amount). We also involved internal specialists from the Valuation & Modelling department for individual areas of the audit.

2. Presentation of risks arising from product-related legal disputes

a) Entities of the Bayer Group are involved in both court and out-of-court proceedings with public authorities, competitors and other parties. These proceedings result in legal risks, in particular in the areas of product liability, competition and anti-trust law, patent law, tax law and environmental protection.

Lawsuits seeking compensatory and punitive damages have been brought in the US against Monsanto Company, St. Louis/US (Monsanto), a subsidiary of Bayer Aktiengesellschaft, among others. In one of the litigation complexes, the plaintiffs allege that they were exposed to glyphosate-based products manufactured by Monsanto and that the exposure to these products resulted in personal injuries. Monsanto has also been named in lawsuits brought by various governmental entities in the US, which claim that Monsanto and its predecessor companies, as manufacturers of PCBs, are responsible for a variety of damages due to PCBs in the environment, including in bodies of water. In the above-mentioned litigation complexes, Bayer has successively concluded settlement agreements of varying scope with some of the plaintiffs or plaintiffs' attorneys since 2020 to resolve parts of the litigations concerned. In addition, Monsanto is facing several lawsuits alleging personal injury and property damage from the use of and exposure to PCB products.

Whether and to what extent it is necessary to recognize provisions to cover the risks arising from one or more of the present legal disputes is highly dependent on the assessments and discretionary assumptions of the executive directors. Against this background and due to the amounts involved in the claims asserted, we considered the above-mentioned product-related disputes of the Bayer Group particularly relevant to the audit.

The disclosures and explanations provided by the executive directors on the above-mentioned legal disputes are included in note 30 to the consolidated financial statements.

b) As part of our audit, we assessed, among other things, the process established by the Company for recognizing court and out-of-court proceedings, estimating their outcomes and appropriately presenting legal disputes in the statement of financial position. In addition, we had regular discussions with the Company's internal legal department to have current developments and reasons underlying the estimates of the expected outcomes of the proceedings explained to us. We critically examined and assessed the respective explanations and the information and evidence received. We also checked the recognition and measurement of provisions for settlement agreements in the main litigation complexes, some of which have already been concluded, by performing sample-based comparisons with the underlying settlement agreements. The developments in the main legal disputes, including estimates of the possible outcomes of the proceedings, were provided to us in writing by the Company. As at the reporting date, we also obtained and critically assessed external attorney confirmations. In addition, taking into account the estimates made by the Company, we critically assessed the assumptions underlying the provisions for expected defense costs and evaluated the plausibility of the provision amounts based on experience from similar proceedings in the past as well as other evidence.

Other Information

The executive directors and/or the supervisory board are responsible for the other information. The other information comprises

// the report of the supervisory board,
// the foreword to the compensation report,
// the compensation report pursuant to Section 162 German Stock Corporation Act (AktG),
// the unaudited content of the combined management report specified in the appendix to the auditor's report,
// the executive directors' confirmations pursuant to Section 297 (2) sentence 4 and Section 315 (1) sentence 5 HGB regarding the consolidated financial statements and the combined management report, and
// all other parts of the annual report,
// but not the consolidated financial statements, not the audited content of the disclosures in the combined management report and not our auditor's report thereon.

The supervisory board is responsible for the report of the supervisory board and the foreword to the compensation report. The executive directors and the supervisory board are responsible for the declaration on the German Corporate Governance Code in accordance with Section 161 AktG, which is part of the corporate governance statement included in the "Corporate Governance Report" section of the combined management report, and for the compensation report. Otherwise the executive directors are responsible for the other information.

Our audit opinions on the consolidated financial statements and on the combined management report do not cover the other information, and consequently we do not express an audit opinion or any other form of assurance conclusion thereon.

In connection with our audit, our responsibility is to read the other information identified above and, in doing so, to consider whether the other information

// is materially inconsistent with the consolidated financial statements, with the audited content of the disclosures in the combined management report or our knowledge obtained in the audit, or
// otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Executive Directors and the Supervisory Board for the Consolidated Financial Statements and the Combined Management Report

The executive directors are responsible for the preparation of the consolidated financial statements that comply, in all material respects, with IFRS Accounting Standards as adopted by the EU and the additional requirements of German commercial law pursuant to Section 315e (1) HGB, and that the consolidated financial statements, in compliance with these requirements, give a true and fair view of the assets, liabilities, financial position and financial performance of the Group. In addition, the executive directors are responsible for such internal control as they have determined necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud (i.e., fraudulent financial reporting and misappropriation of assets) or error.

In preparing the consolidated financial statements, the executive directors are responsible for assessing the Group's ability to continue as a going concern. They also have the responsibility for disclosing, as applicable, matters related to going concern. In addition, they are responsible for financial reporting based on the going concern basis of accounting unless there is an intention to liquidate the Group or to cease operations, or there is no realistic alternative but to do so.

Furthermore, the executive directors are responsible for the preparation of the combined management report that as a whole provides an appropriate view of the Group's position and is, in all material respects, consistent with the consolidated financial statements, complies with German legal requirements, and appropriately presents the opportunities and risks of future development. In addition, the executive directors are responsible for such arrangements and measures (systems) as they have considered necessary to enable the preparation of a combined management report that is in accordance with the applicable German legal requirements, and to be able to provide sufficient appropriate evidence for the assertions in the combined management report.

The supervisory board is responsible for overseeing the Group's financial reporting process for the preparation of the consolidated financial statements and of the combined management report.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements and of the Combined Management Report

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and whether the combined management report as a whole provides an appropriate view of the Group's position and, in all material respects, is consistent with the consolidated financial statements and the knowledge obtained in the audit, complies with the German legal requirements and appropriately presents the opportunities and risks of future development, as well as to issue an auditor's report that includes our audit opinions on the consolidated financial statements and on the combined management report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Section 317 HGB and the EU Audit Regulation and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer (IDW) and in supplementary compliance with the ISA will always detect a material misstatement. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements and this combined management report.

We exercise professional judgment and maintain professional skepticism throughout the audit. We also

- identify and assess the risks of material misstatement of the consolidated financial statements and of the combined management report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our audit opinions. The risk of not detecting a material misstatement resulting from fraud is higher than the risk of not detecting a material misstatement resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit of the consolidated financial statements and of arrangements and measures relevant to the audit of the combined management report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an audit opinion on the effectiveness of internal control or these arrangements and measures of the Group.
- evaluate the appropriateness of accounting policies used by the executive directors and the reasonableness of estimates made by the executive directors and related disclosures.
- conclude on the appropriateness of the executive directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the related disclosures in the consolidated financial statements and in the combined management report or, if such disclosures are inadequate, to modify our respective audit opinions. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to be able to continue as a going concern.

- evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements present the underlying transactions and events in a manner that the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Group in compliance with IFRS Accounting Standards as adopted by the EU and with the additional requirements of German commercial law pursuant to Section 315e (1) HGB.
- plan and perform the audit of the consolidated financial statements in order to obtain sufficient appropriate audit evidence regarding the financial information of the entities or of the business activities within the Group, which serves as a basis for forming audit opinions on the consolidated financial statements and on the combined management report. We are responsible for the direction, supervision and inspection of the audit procedures performed for the purposes of the group audit. We remain solely responsible for our audit opinions.
- evaluate the consistency of the combined management report with the consolidated financial statements, its conformity with German law, and the view of the Group's position it provides.
- perform audit procedures on the prospective information presented by the executive directors in the combined management report. On the basis of sufficient appropriate audit evidence we evaluate, in particular, the significant assumptions used by the executive directors as a basis for the prospective information, and evaluate the proper derivation of the prospective information from these assumptions. We do not express a separate audit opinion on the prospective information and on the assumptions used as a basis. There is a substantial unavoidable risk that future events will differ materially from the prospective information.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We provide those charged with governance with a statement that we have complied with the relevant independence requirements, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, the actions taken or safeguards applied to eliminate independence threats.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements for the current period and are therefore the key audit matters. We describe these matters in the auditor's report unless law or regulation precludes public disclosure about the matter.

OTHER LEGAL AND REGULATORY REQUIREMENTS

Report on the Audit of the Electronic Reproductions of the Consolidated Financial Statements and of the Combined Management Report Prepared for Publication Pursuant to Section 317 (3a) HGB

Audit Opinion

We have performed an audit in accordance with Section 317 (3a) HGB to obtain reasonable assurance whether the electronic reproductions of the consolidated financial statements and of the combined management report (hereinafter referred to as "ESEF documents") prepared for publication, contained in the file, which has the SHA-256 value d94c50c8ac3a8528f4b74430747c3e7ca45d8a68e2f4d752c03639b6b5d08886, meet, in all material respects, the requirements for the electronic reporting format pursuant to Section 328 (1) HGB ("ESEF format"). In accordance with the German legal requirements, this audit only covers the conversion of the information contained in the consolidated financial statements and the combined management report into the ESEF format, and therefore covers neither the information contained in these electronic reproductions nor any other information contained in the file identified above.

In our opinion, the electronic reproductions of the consolidated financial statements and of the combined management report prepared for publication contained in the file identified above meet, in all material respects, the requirements for the electronic reporting format pursuant to Section 328 (1) HGB. Beyond this audit opinion and our audit opinions on the accompanying consolidated financial statements and on the accompanying combined management report for the financial year from January 1 to December 31, 2024 contained in the "Report on the Audit of the Consolidated Financial Statements and of the Combined Management Report" above, we do not express any assurance opinion on the information contained within these electronic reproductions or on any other information contained in the file identified above.

Basis for the Audit Opinion

We conducted our audit of the electronic reproductions of the consolidated financial statements and of the combined management report contained in the file identified above in accordance with Section 317 (3a) HGB and on the basis of the IDW Auditing Standard: Audit of the Electronic Reproductions of Financial Statements and Management Reports Prepared for Publication Purposes Pursuant to Section 317 (3a) HGB (IDW AuS 410 (06.2022)) and the International Standard on Assurance Engagements 3000 (Revised). Our responsibilities in this context are further described in the "Group Auditor's Responsibilities for the Audit of the ESEF Documents" section. Our audit firm has applied the requirements of the IDW Quality Management Standards (IDW QMS).

Responsibilities of the Executive Directors and the Supervisory Board for the Audit of the ESEF Documents

The executive directors of the Parent are responsible for the preparation of the ESEF documents based on the electronic files of the consolidated financial statements and of the combined management report according to Section 328 (1) sentence 4 no. 1 HGB and for the tagging of the consolidated financial statements according to Section 328 (1) sentence 4 no. 2 HGB.

In addition, the executive directors of the Parent are responsible for such internal control that they have considered necessary to enable the preparation of ESEF documents that are free from material intentional or unintentional non-compliance with the requirements for the electronic reporting format pursuant to Section 328 (1) HGB.

The supervisory board is responsible for overseeing the process for preparing the ESEF documents as part of the financial reporting process.

Group Auditor's Responsibilities for the Audit of the ESEF Documents

Our objective is to obtain reasonable assurance about whether the ESEF documents are free from material intentional or unintentional non-compliance with the requirements of Section 328 (1) HGB. We exercise professional judgment and maintain professional skepticism throughout the audit. We also

- identify and assess the risks of material intentional or unintentional non-compliance with the requirements of Section 328 (1) HGB, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our audit opinion.
- obtain an understanding of internal control relevant to the audit on the ESEF documents in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an assurance opinion on the effectiveness of these controls.
- evaluate the technical validity of the ESEF documents, i.e., whether the file containing the ESEF documents meets the requirements of the Delegated Regulation (EU) 2019/815, in the version in force at the reporting date, on the technical specification for this electronic file.
- evaluate whether the ESEF documents enable an XHTML reproduction with content equivalent to the audited consolidated financial statements and to the audited combined management report.
- evaluate whether the tagging of the ESEF documents with Inline XBRL technology (iXBRL) in accordance with the requirements of Articles 4 and 6 of the Delegated Regulation (EU) 2019/815, in the version in force at the reporting date, enables an appropriate and complete machine-readable XBRL copy of the XHTML reproduction.

Further Information Pursuant to Article 10 of the EU Audit Regulation

We were elected as group auditor by the stockholders' meeting on April 26, 2024. We were engaged by the supervisory board on July 3, 2024. We have been the group auditor of Bayer Aktiengesellschaft, Leverkusen/Germany, without interruption since the financial year 2017.

We declare that the audit opinions expressed in this auditor's report are consistent with the additional report to the audit committee pursuant to Article 11 of the EU Audit Regulation (long-form audit report).

OTHER MATTER – USE OF THE AUDITOR'S REPORT

Our auditor's report must always be read together with the audited consolidated financial statements and the audited combined management report as well as with the audited ESEF documents. The consolidated financial statements and the combined management report converted into the ESEF format – including the versions to be submitted for inclusion in the Company Register – are merely electronic reproductions of the audited consolidated financial statements and the audited combined management report and do not take their place. In particular, the ESEF report and our audit opinion contained therein are to be used solely together with the audited ESEF documents made available in electronic form.

GERMAN PUBLIC AUDITOR RESPONSIBLE FOR THE ENGAGEMENT

The German Public Auditor responsible for the engagement is Silvia Geberth.

Munich/Germany, February 25, 2025

Deloitte GmbH
Wirtschaftsprüfungsgesellschaft

Signed: Andreas Wermelt Wirtschaftsprüfer (German Public Auditor)	Signed: Silvia Geberth Wirtschaftsprüferin (German Public Auditor)

Appendix to the Auditor's Report:
Parts of the Combined Management Report Whose Content Is Unaudited

We have not audited the content of the following parts of the combined management report:

- The statements contained in the "About this Report" section, to which reference is made in the combined management report
- The statements made on the appropriateness and operating effectiveness of the system of internal control and the risk management system (RMS) in accordance with Recommendation A.5 of the GCGC contained in section 3.2.1 of the combined management report under "Assessment of the risk management and internal control system pursuant to Section 91, Paragraph 3 of the German Stock Corporation Act"
- The statements contained in section 4 of the combined management report under "Sustainability Statement"
- The corporate governance statement pursuant to Section 289f and Section 315d HGB contained in section 5.1 of the combined management report
- The non-financial and other disclosures by Bayer AG contained in section 6.4 of the combined management report
- All cross-references to web pages of the Company and the information to which these cross-references refer

Assurance report of the Independent German Public Auditor on a limited assurance engagement in relation to the consolidated sustainability statement

To Bayer Aktiengesellschaft, Leverkusen/Germany

Assurance Conclusion

We have conducted a limited assurance engagement on the Consolidated Sustainability Statement of Bayer Aktiengesellschaft, Leverkusen/Germany, for the financial year from January 1 to December 31, 2024, included in section "Sustainability Statement" of the combined management report on the parent and the group. The Consolidated Sustainability Statement was prepared to fulfill the requirements of Directive (EU) 2022/2464 of the European Parliament and of the Council of December 14, 2022 (Corporate Sustainability Reporting Directive, CSRD) and Article 8 of Regulation (EU) 2020/852 and Sections 315b and 315c German Commercial Code (HGB) for a consolidated non-financial statement.

Based on the procedures performed and the evidence obtained, nothing has come to our attention that causes us to believe that the accompanying Consolidated Sustainability Statement is not prepared, in all material respects, in accordance with the requirements of the CSRD and Article 8 of Regulation (EU) 2020/852, Sections 315b and 315c HGB for a consolidated non-financial statement, and the specifying criteria presented by the executive directors of the Company. This assurance conclusion includes that nothing has come to our attention that causes us to believe

// that the accompanying Consolidated Sustainability Statement does not comply, in all material respects, with the European Sustainability Reporting Standards (ESRS), including that the process carried out by the entity to identify information to be included in the Consolidated Sustainability Statement (the materiality assessment) is not, in all material respects, in accordance with the description set out in section "Description of the processes to identify and assess material impacts, risks and opportunities" of the Consolidated Sustainability Statement, and/or
// that the disclosures in the Consolidated Sustainability Statement do not comply, in all material respects, with Article 8 of Regulation (EU) 2020/852.

Basis for the Assurance Conclusion

We conducted our assurance engagement in accordance with the International Standard on Assurance Engagements (ISAE) 3000 (Revised): "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information," issued by the International Auditing and Assurance Standards Board (IAASB).

The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. Consequently, the level of assurance obtained is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.

Our responsibilities under ISAE 3000 (Revised) are further described in section "German Public Auditor's Responsibilities for the Assurance Engagement on the Consolidated Sustainability Statement."

We are independent of the entity in accordance with the requirements of European law and German commercial and professional law, and we have fulfilled our other German professional responsibilities in accordance with these requirements. Our audit firm has applied the requirements of the IDW Quality Management Standards and of the International Standard on Quality Management (ISQM) 1 issued by the IAASB. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our assurance conclusion.

Responsibilities of the Executive Directors and the Supervisory Board for the Consolidated Sustainability Statement

The executive directors are responsible for the preparation of the Consolidated Sustainability Statement in accordance with the requirements of the CSRD and the applicable German legal and other European requirements as well as with the specifying criteria presented by the executive directors of the Company and for designing, implementing and maintaining such internal control as they have considered necessary to enable the preparation of a Consolidated Sustainability Statement in accordance with these requirements that is free from material misstatement, whether due to fraud (i.e., fraudulent reporting in the Consolidated Sustainability Statement) or error.

This responsibility of the executive directors includes establishing and maintaining the materiality assessment process, selecting and applying appropriate reporting policies for preparing the Consolidated Sustainability Statement as well as making assumptions and estimates and ascertaining forward-looking information for individual sustainability-related disclosures.

The supervisory board is responsible for overseeing the process for the preparation of the Consolidated Sustainability Statement.

Inherent Limitations in Preparing the Consolidated Sustainability Statement

The CSRD and the applicable German legal and other European requirements contain wording and terms that are subject to considerable interpretation uncertainties and for which no authoritative comprehensive interpretations have yet been published. The executive directors have made their interpretations of such wording and terms in the Consolidated Sustainability Statement. The executive directors are responsible for the reasonableness of these interpretations. As such wording and terms may be interpreted differently by regulators or courts, the legality of measurements or evaluations of the sustainability matters based on these interpretations is uncertain. The quantification of non-financial performance indicators disclosed in the Consolidated Sustainability Statement is also subject to inherent uncertainties.

These inherent limitations also affect the assurance engagement on the Consolidated Sustainability Statement.

German Public Auditor's Responsibilities for the Assurance Engagement on the Consolidated Sustainability Statement

Our objective is to express a limited assurance conclusion based on the assurance engagement we have conducted, on whether any matters have come to our attention that cause us to believe that the Consolidated Sustainability Statement has not been prepared, in all material respects, in accordance with the CSRD, and the applicable German legal and other European requirements and the specifying criteria presented by the executive directors of the Company and to issue an assurance report that includes our assurance conclusion on the Consolidated Sustainability Statement.

As part of a limited assurance engagement in accordance with ISAE 3000 (Revised), we exercise professional judgment and maintain professional skepticism. We also

// obtain an understanding of the process used to prepare the Consolidated Sustainability Statement, including the materiality assessment process carried out by the entity to identify the disclosures to be reported in the Consolidated Sustainability Statement.
// identify disclosures where a material misstatement due to fraud or error is likely to arise, design and perform procedures to address these disclosures and obtain limited assurance to support the assurance conclusion. The risk of not detecting a material misstatement resulting from fraud is higher than the risk of not detecting a material misstatement resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control. In addition, the risk of not detecting a material misstatement in information obtained from sources not within the entity's control (value chain information) is ordinarily higher than the risk of not detecting a material misstatement in information obtained from sources within the entity's control, as both the entity's executive directors and we as practitioners are ordinarily subject to restrictions on direct access to the sources of the value chain information.
// consider the forward-looking information, including the appropriateness of the underlying assumptions. There is a substantial unavoidable risk that future events will differ materially from the forward-looking information.

Summary of the Procedures Performed by the German Public Auditor

A limited assurance engagement involves the performance of procedures to obtain evidence about the sustainability information. The nature, timing and extent of the selected procedures are subject to our professional judgment.

In performing our limited assurance engagement, we

// evaluated the suitability of the criteria as a whole presented by the executive directors in the Consolidated Sustainability Statement.
// inquired of the executive directors and relevant employees involved in the preparation of the Consolidated Sustainability Statement about the preparation process, including the materiality assessment process carried out by the entity to identify the disclosures to be reported in the Consolidated Sustainability Statement, and about the internal controls related to this process.
// evaluated the reporting policies used by the executive directors to prepare the Consolidated Sustainability Statement.
// evaluated the reasonableness of the estimates and related information provided by the executive directors. If, in accordance with the ESRS, the executive directors estimate the value chain information to be reported for a case in which the executive directors are unable to obtain the information from the value chain despite making reasonable efforts, our assurance engagement is limited to evaluating whether the executive directors have undertaken these estimates in accordance with the ESRS and assessing the reasonableness of these estimates, but does not include identifying information in the value chain that the executive directors were unable to obtain.

// performed analytical procedures or tests of details and made inquiries in relation to selected information in the Consolidated Sustainability Statement.
// conducted site visits.
// considered the presentation of the information in the Consolidated Sustainability Statement.
// considered the process for identifying taxonomy-eligible and taxonomy-aligned economic activities and the corresponding disclosures in the Consolidated Sustainability Statement.

Restriction of Use

We issue this report as stipulated in the engagement letter agreed with the Company (including the "General Engagement Terms for Wirtschaftsprüferinnen, Wirtschaftsprüfer and Wirtschaftsprüfungsgesellschaften (German Public Auditors and Public Audit Firms)" dated January 1, 2024 of the Institut der Wirtschaftsprüfer (IDW)). We draw attention to the fact that the assurance engagement was conducted for the Company's purposes and that the report is intended solely to inform the Company about the result of the assurance engagement. Consequently, it may not be suitable for any other than the aforementioned purpose. Accordingly, the report is not intended to be used by third parties as a basis for making (financial) decisions based on it.

Our responsibility is to the Company alone. We do not accept any responsibility to third parties. Our assurance conclusion is not modified in this respect.

Düsseldorf/Germany, February 25, 2025

Deloitte GmbH
Wirtschaftsprüfungsgesellschaft

Signed:
Andreas Wermelt
Wirtschaftsprüfer
(German Public Auditor)

Signed:
Silvia Geberth
Wirtschaftsprüferin
(German Public Auditor)

C Compensation Report

Contents

Foreword by the Chairman of the Supervisory Board

Dear stockholders,

On behalf of the Supervisory Board of Bayer AG, I am pleased to present our Compensation Report for 2024. It marks the first year in which we have applied the new Board of Management compensation system that I had outlined in my Foreword to the 2023 Compensation Report.

Prof. Dr. Norbert Winkeljohann, Chairman of the Supervisory Board of Bayer AG

In my Foreword to this year's report, I would like to summarize the key areas of focus for the Supervisory Board and the Human Resources and Compensation Committee in 2024 in relation to Board of Management compensation. This included engaging with investors ahead of the 2024 Annual Stockholders' Meeting and adopting the new compensation system. We also reviewed the appropriateness of Board of Management compensation to ensure it is aligned with current market practice and stakeholder interests.

Improvements to the compensation system

The adjustments we made to the Board of Management compensation system effective January 1, 2024, were mainly focused on providing greater transparency and utilizing more ambitious parameters in the key performance indicators used for variable compensation. When updating the system, we endeavored to incorporate the comprehensive feedback shared by our investors. While the compensation system is typically in place for four years, the Supervisory Board had scheduled the next internal review mid-cycle to ensure it is working as intended.

Investor feedback at the 2024 Annual Stockholders' Meeting

Extensive engagement with stockholders was once again a priority for Bayer in 2024, with a variety of topics discussed. Overall, we held more than 600 in-person and virtual meetings with investors, and also took part in numerous conferences and roadshows. We specifically focused on compensation as a key topic at our Corporate Governance Roadshow in January 2024, where we met with 23 of our largest investors representing approximately 40% of shares outstanding. As Chairman of the Supervisory Board, I'm grateful for the opportunity to participate in some of these discussions as it allows me the opportunity to directly gauge investor sentiment and receive feedback on important topics.

We are pleased that our new compensation system has received a positive reception from investors. The 93% approval at the Annual Stockholders' Meeting gives us confidence that we set the right priorities and have appropriately incorporated the feedback of investors. At the same time, we continue to engage with investors to ensure we are able to consider new perspectives and suggestions.

In addition, the vote on the Compensation Report received significantly improved support at 74% compared with 52% the previous year. However, we are still not satisfied with this result. It is important to note that the 2023 Compensation Report was based on 2023 compensation under the former compensation system. In 2024, we had the opportunity to engage with shareholders, including several who did not support the 2023 Compensation Report, to ensure that the new system and the 2024 Compensation Report address their key feedback.

Payouts aligned with performance

2024 was a very challenging year for Bayer. The company was in the first year of a three-year restructuring period. Nevertheless, overall Group performance was largely in line with the capital market guidance set at the beginning of the year. However, Crop Science, our largest division, was impacted by a tough market environment and continued to experience price pressure in the crop protection business. Consumer Health likewise missed its currency- and portfolio-adjusted sales growth target. Growth was slower than originally anticipated, mirroring the development of the market as a whole. By contrast, the Pharmaceuticals Division performed well, buoyed by the strong performance of its new products (Nubeqa™ and Kerendia™) and Bayer's work to limit the impact of headwinds from the loss of exclusivity for Xarelto™ in Europe and the United Kingdom in 2024. The contrasting results within the individual divisions last year are appropriately reflected in the pay outcomes under the new compensation system, with variable compensation closely linked to the business performance of the Group as a whole and the interests of our shareholders.

At the start of the year, the Supervisory Board set the targets for the short-term and long-term incentive (STI and LTI) programs. Based on business dynamics that were anticipated to be more challenging than in the previous year, we determined to set targets in the 2024 STI partially below 2023 performance. The Supervisory Board is focused on setting targets that incentivize high performance and align to what is communicated to shareholders. While set below prior-year performance, we ensured that these STI targets were ambitious and at the upper end of or above our capital market guidance, reflecting both the anticipated performance and the opportunity and risk profile of our businesses. This ensured that the incentives offered continued to incentivize performance amid a challenging business environment.

Based on these targets, some of which were not met, the 2024 payouts for the Board of Management members were below target compensation. The average direct compensation (base compensation plus STI and LTI) awarded to Board of Management members for 2024 was approximately 50% of the target, demonstrating strong alignment between performance and pay outcomes in what was a challenging environment for the company and its workforce.

// At the beginning of the year, the Supervisory Board defined targets for the three equally weighted components of the short-term variable compensation (STI), comprising core earnings per share, free cash flow and currency- and portfolio-adjusted sales growth. Core earnings per share came in at €5.05, resulting in target attainment of 65.5%. Free cash flow was €3,107 million for 2024, in line with our guidance and our ambitious target, resulting in target attainment of 100%. In addition, currency- and portfolio-adjusted sales growth for 2024 amounted to 0.4%[1], corresponding to attainment of 50.3%. As a result, target attainment for the financial STI components amounted to 71.9% overall.

// For the long-term variable compensation (LTI), the payout for the Aspire 3.0 tranche granted in 2021 was substantially below target, at 22.3% at the end of the four-year performance period. This reflects Bayer's disappointing share price performance during the period January 1, 2021, to December 31, 2024, both in absolute terms and relative to the EURO STOXX 50 Total Return, as well as the fact that the company did not earn its cost of capital (ROCE) in 2024.

[1] Due to the hyperinflation-related growth in Argentina and Turkey, currency- and portfolio-adjusted sales growth (0.7%) was adjusted by minus 0.3 percentage points when determining target attainment.

Compensation levels adjusted

In view of the financial challenges in recent years, the target compensation of the members of the Board of Management had not been adjusted since October 1, 2021. In 2024, two types of compensation adjustments were implemented:

// Effective January 1, 2024, the compensation levels of the ordinary members of the Board of Management (i.e. excluding the CEO) were harmonized, as had been envisaged in 2021. This involved increasing target compensation for Heike Prinz, Wolfgang Nickl and Heiko Schipper by 3.3%.
// Effective April 1, 2024, target compensation was then increased by 6.5% for all ordinary Board of Management members in order to account for market developments while also acknowledging the importance of retaining a strong team to work toward attaining our future targets.

Maximum total annual compensation for the ordinary Board of Management members was not increased.

In addition, there was no increase in 2024 to our CEO Bill Anderson's target or maximum compensation.

These increases for the ordinary Board of Management members compare to the 14.7% increase in compensation which our broader workforce in Germany has received since 2021, the last time we increased Board of Management compensation.

More details regarding these adjustments can be found in section 1.2.2 of the Compensation Report.

Conclusion

The new compensation system functioned effectively in 2024, ensuring that pay outcomes were in line with performance during a challenging year. Our constructive dialog with investors has provided valuable insights – and we will continue to seek feedback from shareholders as we evaluate the system's effectiveness, making sure we consistently provide the right incentives for attaining our strategic market-driven targets.

On behalf of the Supervisory Board, I would like to express our appreciation for your helpful feedback and support for the 2024 Compensation Report. Additional information on these and other compensation-related topics can be found in the 2024 Compensation Report and in the Notice of the Annual Stockholders' Meeting for 2025.

Prof. Dr. Norbert Winkeljohann
Chairman of the Supervisory Board

Overview of Compensation in 2024

Executive Summary

Compensation system (since 2024)

Long-term variable cash compensation (LTI)

Four-year performance period (cap: 250% of target amount)

80%	20 %	
Relative total shareholder return (ranking among companies on the EURO STOXX 50 Total Return)	Sustainability targets	Final share price[1]

Short-term variable cash compensation (STI)

One-year performance period (cap: 200% of target amount)

33%	33%	33%	
Core EPS (Group level)	Free cash flow (Group level)	Fx & p adj. sales growth (Group level)	Strategy development and execution (0.8–1.2)

Base compensation

// Fixed compensation

[1] Arithmetic mean of the XETRA closing prices for Bayer stock on the 30 stock exchange trading days preceding the end of the performance period plus accumulated dividends

Actual performance against 2024 targets[2]

Short-term variable cash compensation (STI) – 2024 performance period

	Target	Attained/Max.
Core EPS:		66/200
Free cash flow:		100/200
Sales growth (Fx & p adj.):		50/200
Factor for strategy development and execution:		110/120
Total:		**79/200**

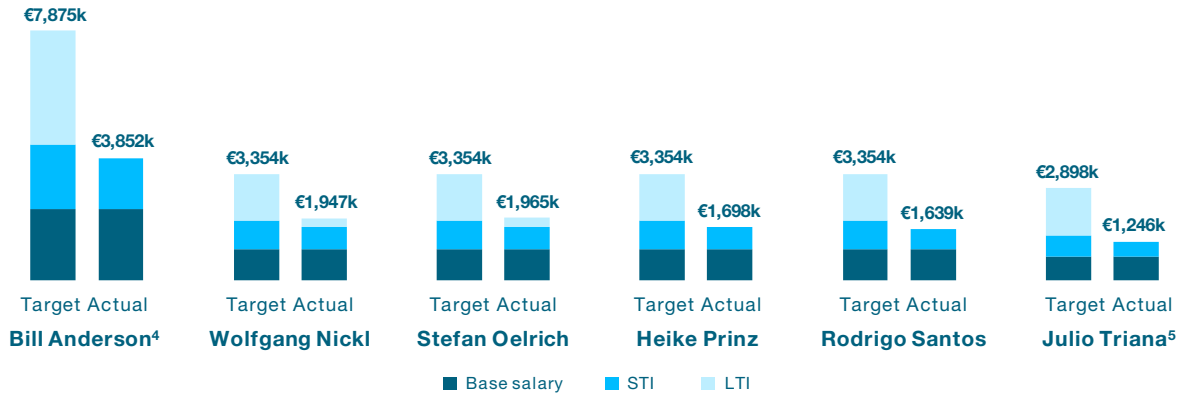
Long-term variable cash compensation (LTI) – 2021 – 2024 performance period

	Target	Attained/Max.
Relative TSR:		0/200
ROCE:		0/200
Sustainability targets:		107/200
Share price development:		–59%
Accumulated dividends per share:		€6.51
Total:		**22/250**

[2] For definition and information on target attainment, see section 1.3.2. The individual target attainment level shown above (factor for strategy development and execution) is for CEO Bill Anderson.

Compensation of the Board of Management members for 2024

The graphic below shows the target compensation as well as the (actual)[3] compensation awarded and due to serving Board of Management members as of December 31, 2024:



[3] Excluding fringe benefits and pension installment/service cost. For definition and components of target compensation and of compensation awarded and due, see section 1.3.

[4] Due to him joining the Board of Management on April 1, 2023, Bill Anderson did not receive any payouts from the LTI program in 2024.

[5] Prorated compensation due to his Board of Management appointment commencing part-way through the year, on April 1, 2024

Compensation Report

1. Compensation of the Board of Management

The Compensation Report produced by the Board of Management and the Supervisory Board of Bayer Aktiengesellschaft (Bayer AG) outlines the essential features of the compensation packages for the members of the Board of Management and the Supervisory Board of Bayer AG, and also provides information on the compensation awarded and due to current or former members of the Board of Management and the Supervisory Board in 2024. Awarded compensation encompasses compensation for services that have been fully rendered once the fiscal year ends. The report thus complies with the regulatory requirements of Section 162 of the German Stock Corporation Act (AktG).

Pursuant to the stipulations of Section 120a, Paragraph 4 of the German Stock Corporation Act (AktG), we will propose that the Annual Stockholders' Meeting to be held on April 25, 2025, resolve on the approval of the prepared and audited Compensation Report.

1.1 Review of 2024

1.1.1 Performance in 2024

Sales of the Bayer Group came in at €46,606 million in 2024 (Fx & portfolio adj. +0.7%[2]; reported –2.2%) and were therefore on a par with the prior year. Sales at Crop Science fell by 2.0% (Fx & portfolio adj.) to €22,259 million, primarily due to price declines in the crop protection business amid increased competitive pressure. Sales at Pharmaceuticals rose by 3.3% (Fx & portfolio adj.) to €18,131 million. Significant gains for our new products Nubeqa™ and Kerendia™ and continued sales growth for Eylea™ and our Radiology business were mainly offset by declines for Xarelto™. Sales were also up at Consumer Health, advancing 1.9% (Fx & portfolio adj.) to €5,870 million, with strong performance in the Dermatology and Digestive Health categories but significant declines at Allergy & Cold. In the Reconciliation, sales increased by 34.5% (Fx & portfolio adj.) to €346 million.

EBITDA before special items of the Bayer Group declined by 13.5% to €10,123 million (2023: €11,706 million). Overall, earnings were negatively impacted by allocations to provisions for the Group-wide short-term incentive (STI) program based on the overall improvement in target attainment levels at the divisions (STI effect) compared with the prior year. This effect significantly weighed on earnings at both Crop Science and Pharmaceuticals. At Crop Science, EBITDA before special items decreased by 14.2% to €4,325 million (2023: €5,038 million), mainly due to the aforementioned price declines in our crop protection business. Earnings were also diminished by a mainly inflation-related increase in costs. At Pharmaceuticals, EBITDA before special items declined by 9.0% to €4,722 million (2023: €5,189 million), primarily as a result of negative currency effects. Additional negative factors, such as shifts in the product mix, were partially offset by lower expenses in other areas. Consumer Health posted a 3.2% decline in EBITDA before special items to €1,366 million (2023: €1,411 million) that was likewise predominantly attributable to negative currency effects. In the Reconciliation, EBITDA before special items came in at minus €290 million (2023: €68 million). Free cash flow, which is the total operating cash flow less capital expenditures plus interest and dividends received less interest paid, increased to €3,107 million in 2024 (2023: €1,311 million).

[2] Due to the hyperinflation-related growth in Argentina and Turkey, currency- and portfolio-adjusted sales growth (0.7%) was adjusted by minus 0.3 percentage points when determining target attainment.

1.1.2 Response to the vote on the 2023 Compensation Report at the 2024 Annual Stockholders' Meeting

The 2023 Compensation Report reported on compensation for the year 2023 and was based on the previous compensation system approved at the 2020 Annual Stockholders' Meeting. The Compensation Report was approved with 74.41% support at the 2024 Annual Stockholders' Meeting, marking a significant improvement over the previous year. The critical feedback on the Compensation Report continued to relate primarily to the design of the previous compensation system. The new compensation system introduced in 2024 addresses this critical feedback and was approved with 93.21% at the 2024 Annual Stockholders' Meeting.

The table below outlines the concerns expressed by our stockholders during engagement and how they were accounted for when preparing this Compensation Report, along with the compensation-related decisions taken by the Supervisory Board in 2024:

C 1.1/1

Investor Focus Areas and Actions Taken in Response

Area of focus	Investor feedback and Bayer's responsive actions
Transparency	Some stockholders wanted to see greater transparency in the way we disclose the goals and targets set for the individual performance factor within the STI. // In the 2024 Compensation Report, we have enhanced the disclosure on the strategy development and execution multiplier, which serves as the individual performance factor in the new compensation system (adopted in 2024 and approved at the 2024 Annual Stockholders' Meeting). The enhanced disclosure, found in section 1.3.2, contains a detailed list of targets set for each Board of Management member, total attainment and an explanation of the Human Resources and Compensation Committee's evaluation of their performance against these goals.
Litigation impact on free cash flow metric	Some stockholders expressed concern that litigation was excluded from the calculation of the free cash flow metric for compensation purposes. // In the new compensation system (adopted in 2024 and approved at the 2024 Annual Stockholders' Meeting), the free cash flow metric in the STI is not adjusted for payments in connection with litigation and will align with values published in the Annual Report.
Pay for performance	Some stockholders expressed concern that LTI payouts are granted when TSR performance is below the median of the EURO STOXX 50 Total Return. // In the new compensation system (adopted in 2024 and approved at the 2024 Annual Stockholders' Meeting), the payout curve of the relative TSR has been revised to be much more ambitious. Previously, Bayer's performance only had to match that of the EURO STOXX 50 Total Return for 100% target attainment. In the new compensation system, Bayer's TSR must be at the 60th percentile of the EURO STOXX 50 Total Return, i.e. higher than 60% of the companies in the benchmark index, for 100% target attainment to be achieved.
One-time indemnity payment for Bill Anderson	Some stockholders voiced concerns about the size of the one-time indemnity payment for Bill Anderson and the level of transparency around it. // The one-time indemnity payment of €3.8 million was not a signing bonus for Bill Anderson. It was a payment to partially compensate him for entitlements forfeited at his previous employer. To attract suitable candidates, it is important to be able to offer a one-time indemnity payment to newly appointed Board of Management members.
Payment of dividends within the LTI	Some stockholders voiced concern about whether it was appropriate within the LTI to pay out a dividend equivalent based on the number of performance shares that were conditionally allocated at the beginning of each tranche yet not fully earned. // In the new compensation system (adopted in 2024 and approved at the 2024 Annual Stockholders' Meeting), the accumulated dividends are paid out solely based on the final number of performance shares. Thus, 0% target attainment in both performance criteria results in zero dividends being paid.

1.1.3 Personnel changes on the Board of Management

The Supervisory Board of Bayer AG appointed Julio Triana as a member of the Board of Management effective April 1, 2024. He then became head of the Consumer Health Division on May 1, 2024. Prior to Triana's appointment, Heiko Schipper and the Supervisory Board had agreed to bring forward the end date of Schipper's contract, which had originally been set to run until February 28, 2025. His service contract and term of office ended by mutual agreement on April 30, 2024.

1.2 Overview: Design of Board of Management compensation

The Supervisory Board sets the Board of Management's compensation pursuant to Section 87, Paragraph 1 of the German Stock Corporation Act (AktG). The current compensation system for the Board of Management of Bayer AG applies in the version approved by a large majority of shareholders (93.21%) at the Annual Stockholders' Meeting on April 26, 2024. The compensation system is submitted to the Annual Stockholders' Meeting for approval whenever significant changes are made to this system, or at least every four years. The Supervisory Board applies the following guidelines and principles when designing the compensation system:

C 1.2/1

We ensure ...	We avoid ...
✓ ... that we promote long-term and sustainable performance	× ... prioritizing short-term success at the expense of long-term performance
✓ ... that we set ambitious and measurable targets	× ... offering guaranteed variable compensation levels
✓ ... that compensation is aligned toward performance and success	× ... paying special discretionary bonuses
✓ ... that compensation is geared toward creating long-term value for stockholders	× ... neglecting the interests of our stockholders
✓ ... that the interests of our stakeholders (e.g., stockholders and employees) are fully reflected in compensation	× ... incentivizing inappropriate risks
✓ ... that we take regulatory requirements fully into account	× ... inappropriately high payouts and excessive severance payments
✓ ... that we offer appropriate compensation in line with market rates	× ... retrospectively adjusting targets
✓ ... that compensation is capped	× ... providing insufficient transparency in our compensation reporting
✓ ... that we are highly transparent in our compensation reporting	× ... overlapping STI and LTI targets

The section below provides an overview of the new compensation system for the Board of Management that came into effect from 2024. A detailed description of the compensation system can be found at www.bayer.com/cpr and in Chapter 1.3 (Compensation components in detail).

1.2.1 Overview: Design of the compensation system

The compensation system comprises fixed and variable components that, when added together, make up the total compensation of the Board of Management members. The compensation system also covers additional contractual provisions such as maximum compensation pursuant to Section 87a, Paragraph 1, Sentence 2, No. 1 of the German Stock Corporation Act (AktG), malus and clawback, and the Share Ownership Guidelines. The table below provides an overview of the components of the new compensation system (significant changes compared with the previous compensation system are marked in green):

C 1.2/2

Comparison of the compensation systems

Previous Board of Management compensation system (approved on April 28, 2020)	Compensation component	New Board of Management compensation system (in effect from 2024)
Fixed compensation		
// Fixed, contractually agreed compensation // Generally paid out in 12 equal installments each year	Base compensation	// Fixed, contractually agreed compensation // Generally paid out in 12 equal installments each year

// Regular health screening
// Insurance policies
// Company car with driver
// Security installations at private residence
// Temporary relocation and rental costs
// Indemnity payments to new Board of Management members for variable compensation forfeited on termination of previous employment
	Fringe benefits	// Regular health screening
		// Insurance policies
		// Company car with driver
		// Security installations at private residence
		// Temporary relocation and rental costs
		// Indemnity payments to new Board of Management members for variable compensation forfeited on termination of previous employment

// Pension installment that is paid out directly as a lump sum	Pension installment	// Pension installment that is paid out directly as a lump sum
Variable compensation		

// Annual bonus based on a target amount, with payout after one year calculated as follows:
– 1/3 weighting: Core EPS at Group level
– 1/3 weighting: Free cash flow at Group level
– 1/3 weighting: Matrix for clean EBITDA margin vs. sales growth at divisional level
– Individual performance factor (0.8–1.2)
// Payout capped at 200% of individual target amount
	Short-term variable cash compensation (STI)	// Annual bonus based on a target amount, with payout after one year calculated as follows:
		– 1/3 weighing: Core EPS at Group level
		– 1/3 weighting : Free cash flow at Group level **"as reported"**
		– 1/3 weighting: **Sales growth at Group level (Fx & p adj.)**
		– Factor for **strategy development and execution** (0.8–1.2)
		// Payout capped at 200% of individual target amount

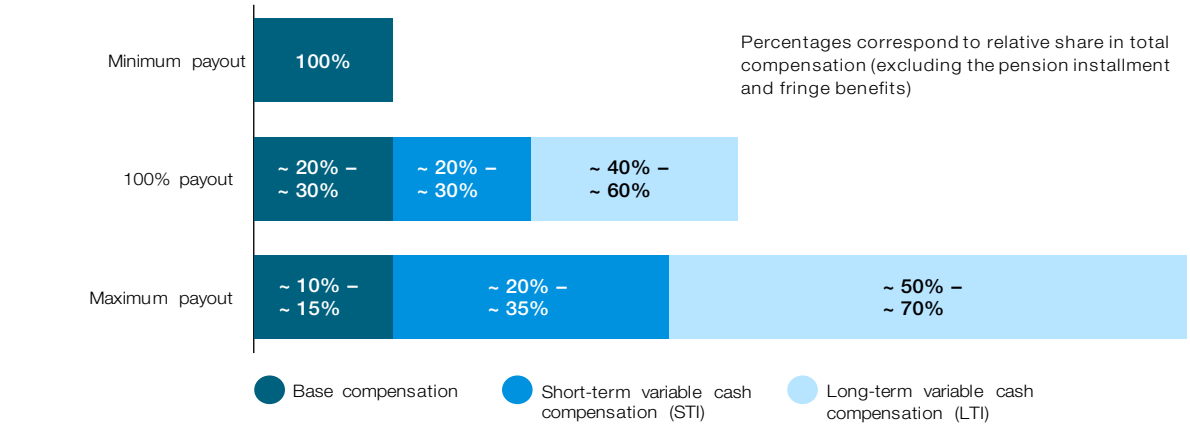
// Performance shares based on absolute performance of Bayer stock. The number of performance shares is determined at the end of a four-year performance period on the basis of a target amount and the following performance criteria:
– 40% weighting: Relative total shareholder return compared to the EURO STOXX 50 (outperformance)
– 40% weighting: ROCE at Group level
– 20% weighting: Sustainability targets
// Payout capped at 250% of individual target amount
	Long-term variable cash compensation (LTI)	// Performance shares based on absolute performance of Bayer stock. The number of performance shares is determined at the end of a four-year performance period on the basis of a target amount and the following performance criteria:
		– **80%** weighting: Relative total shareholder return compared to the companies of the EURO STOXX 50 Total Return (**ranking**)
		– 20% weighting: Sustainability targets
		// Payout capped at 250% of the individual target amount

Other contractual components		
// The maximum total annual compensation is €12 million for the Chairman of the Board of Management (CEO) and €7.5 million for the other members of the Board of Management	Maximum total compensation	// The maximum total annual compensation is €12 million for the Chairman of the Board of Management (CEO) and €7.5 million for the other members of the Board of Management
// In the event of gross misconduct or misrepresentation in financial reporting, the Supervisory Board may withhold all or part of the STI and LTI (malus) or require their repayment to the company (clawback)	Malus and clawback provisions	// In the event of gross misconduct or misrepresentation in financial reporting, the Supervisory Board may withhold all or part of the STI and LTI (malus) or require their repayment to the company (clawback)
// Pledge to build a certain position size in Bayer stock by the end of a four-year period // Obligation to retain the shares throughout the period of service on the Board of Management and for two years thereafter	Share Ownership Guidelines	// Pledge to build a certain position size in Bayer stock by the end of a four-year period // Obligation to retain the shares throughout the period of service on the Board of Management and for two years thereafter
// In the event of a change of control, members of the Board of Management are entitled to a severance payment of 250% of annual base compensation if certain narrow conditions are met. The payment is limited to the compensation for the remaining term of the respective contract, capped at twice the annual compensation.	Change of control	// In the event of a change of control, members of the Board of Management are entitled to a severance payment of 250% of annual base compensation if certain narrow conditions are met. The payment is limited to the compensation for the remaining term of the respective contract, capped at twice the annual compensation.
// If the service contract is terminated early – other than for cause – at the company's instigation, a severance payment of up to twice the annual compensation may be made, but this is limited to the compensation for the remaining term of the respective contract. // Two-year post-contractual noncompete agreement; indemnity payment in the amount of base compensation, any severance payments are deducted from the indemnity payment	Contract termination	// If the service contract is terminated early – other than for cause – at the company's instigation, a severance payment of up to twice the annual compensation may be made, but this is limited to the compensation for the remaining term of the respective contract. // Two-year post-contractual noncompete agreement; indemnity payment in the amount of base compensation, any severance payments are deducted from the indemnity payment

At least 70% of contractually agreed target direct compensation is performance-based (assuming 100% target attainment for variable compensation and excluding fringe benefits and the pension installment). In accordance with the requirements of the German Stock Corporation Act (AktG), the recommendations of the German Corporate Governance Code and the Guidelines for Sustainable Management Board Remuneration Systems, the variable portion of compensation at Bayer has a predominantly long-term focus. Long-term variable target compensation is therefore higher than short-term variable target compensation. This places the focus on Bayer's sustainable development without losing sight of the operational targets.

The compensation structure (excluding fringe benefits and the pension installment) is shown in the graphic below.

C 1.2/3



Scenario[1]	Description
Minimum payout	STI: 0% of target amount; LTI: 0% of target amount
100% payout	STI: 100% of target amount; LTI: 100% of target amount
Maximum payout	STI: 200% of target amount; LTI: 250% of target amount

[1] In isolated cases, the specific, individual compensation structure in a fiscal year may deviate slightly from the structure presented above due to compensation adjustments made during the course of the year.

1.2.2 Setting compensation levels

The Supervisory Board reviews individual compensation levels within the framework of the approved compensation system to ensure that the Board of Management members receive an appropriate level of compensation in line with competitive market rates. To this end, Bayer conducts benchmarking with appropriate peer groups in terms of size, country and industry.

External comparison of compensation

The DAX companies, as well as international competitors that are comparable in terms of size and industry, serve as benchmarks when setting compensation levels.

The DAX companies are a suitable primary comparison group, especially in terms of the aspects of size and country. Bayer's economic position is factored in by regularly reviewing the company's relative positioning in the DAX in terms of size, as measured by sales, number of employees and market capitalization. On this basis, Bayer aims to ensure its relative positioning within the DAX is in the top third in terms of target total compensation. Reviewing compensation levels and taking into account size criteria over time ensures that the compensation the members of the Board of Management of Bayer AG receive appropriately reflects the company's positioning.

The international comparison group is taken into account as an additional indicator to validate the competitiveness of Board of Management compensation on an international level, too. The international comparison group currently comprises the following companies:

C 1.2/4

International Comparison Group for Board of Management Compensation			
// AstraZeneca	// BASF	// Bristol Myers Squibb	// Corteva
// FMC Corp	// GlaxoSmithKline	// Johnson & Johnson	// Merck & Co.
// Novartis	// Novo Nordisk	// Nutrien	// Pfizer
// Reckitt Benckiser	// Roche	// Sanofi	// Takeda

Development of compensation vs. workforce

In setting Board of Management compensation, the Supervisory Board also takes into account the company's internal compensation structure in Germany. For this purpose, the Supervisory Board compares the average target direct compensation of the Group's Board of Management with the average target direct compensation of various management levels and the workforce as a whole, considering both the current ratios and the changes in ratios over time. The groups used for comparison are:

// The first management level below the Board of Management
// Managerial employees
// The overall workforce
// Nonmanagerial employees

Outcome of the compensation review in 2024

As resolved at the Supervisory Board meeting on September 8, 2021, an external comparison of compensation is conducted each year. In this context, there had been discussions about harmonizing compensation levels for ordinary Board of Management members in the future. However, due to the financial challenges encountered in recent years, the plan to harmonize compensation levels was not implemented until January 1, 2024. This involved raising the target compensation of Heike Prinz, Wolfgang Nickl and Heiko Schipper by 3.3%, respectively, to match that of Stefan Oelrich and Rodrigo Santos.

Following this, effective April 1, 2024, we increased target compensation by 6.5% for all ordinary Board of Management members, to account for current market developments while also acknowledging the importance of retaining a strong team to work toward attaining our future targets.

These increases for the ordinary Board members compare with the 14.7% increase in the compensation which our broader workforce has received since 2021, the last time we increased Board of Management compensation.

The resulting target total compensation levels for the ordinary Board of Management members (approximately €3.4 million excluding pensions) are significantly below the median (approximately €4.5 million excluding pensions) of the benchmarking comparison including international competitors, and within the targeted top third of DAX-listed companies. This means that the new target total compensation levels remain within the standard market range, including when taking into account Bayer's relative positioning in terms of size, as measured by sales, number of employees and market capitalization. Julio Triana, who was appointed to the Board of Management effective April 1, 2024, receives the same compensation package as the other ordinary members of the Board of Management. Maximum total annual compensation pursuant to Section 87a, Paragraph 1, Sentence 2, No. 1 of the German Stock Corporation Act (AktG) was not increased.

There was no increase in 2024 to our CEO Bill Anderson's target or maximum compensation.

1.2.3 Target-setting and attainment process

The Supervisory Board aims to set ambitious yet attainable targets that are in step with the expectations of investors and the capital market.

// The targets used in the short-term incentive program are based on the main parameters and KPIs employed to measure the organization's operational success in the current fiscal year.

// The target values are based on the business environment as well as company-specific circumstances for the year ahead and can therefore fluctuate from year to year. As such, it is also possible for target values to be lower than the previous year. For example, in 2024 we set several STI targets below 2023 performance to align with our business plan and capital markets guidance in what was anticipated to be a difficult year for Bayer, for example, due to the first meaningful impacts of the Xarelto™ loss of exclusivity, a further decline in glyphosate pricing compared to 2023, as well as currency headwinds.
// These still reflected ambitious targets for 2024 set at the upper end of or above the capital market guidance, reflecting both the anticipated performance and the opportunity and risk profile of the respective businesses. This ensured that the incentives offered remained ambitious and continued to drive motivation amid a challenging business environment.
// The targets used in the long-term incentive system are aimed at incentivizing long-term value creation.
// Up until 2023, target attainment for our LTI was based on share price performance – both in absolute terms and relative to the EURO STOXX 50 Total Return – as well as on ROCE and sustainability-related KPIs. From 2024, target attainment is primarily based on where Bayer's stock ranks among the shares included in the EURO STOXX 50 Total Return in terms of total shareholder return, while also incorporating a 20% weighting on sustainability. This is designed to ensure strong alignment between investor interests and management incentivization.

At the start of each fiscal year, the Supervisory Board sets a minimum value, a target corridor, a maximum value and additional benchmarks for all KPIs, using the operational planning as a baseline. When setting the targets, the Supervisory Board takes into account the planning values, along with the parameters below and any updated information not already included in the operational planning:

// Market growth forecasts and competition-related information
// Capital market guidance
// Analyst expectations
// Additional factors that could significantly impact the opportunity and risk profile for the fiscal year

At the start of the year, the Supervisory Board also sets individual annual targets for each Board of Management member. The target values for these objectives are also determined based on KPIs where possible.

After the year has ended, the Supervisory Board evaluates the performance of the Board of Management members based on the level of target attainment for the individual financial and nonfinancial KPIs. In line with Recommendation G.11 of the German Corporate Governance Code, the Supervisory Board has the possibility to account for extraordinary developments to an appropriate extent. Special factors in determining core EPS are described in Chapter 2.3 of the Management Report. Responsibility for deciding the extent to which special factors are taken into account for the purposes of Board of Management compensation lies with the Supervisory Board.

In 2024, no adjustments were made due to significant unplanned and nonrecurring effects.

1.3 Compensation components in detail

1.3.1 Base compensation

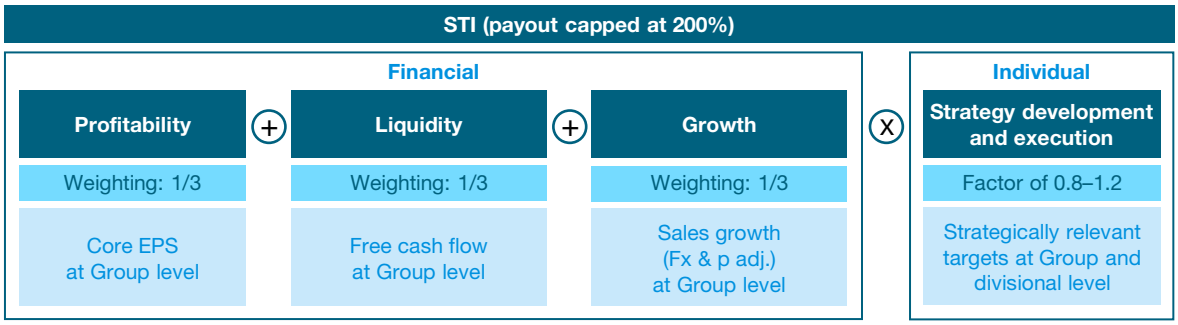
The base compensation is fixed, contractually agreed annual compensation that is paid out in monthly installments within a calendar year.

1.3.2 Short-term variable cash compensation (STI) for 2024

The short-term variable cash compensation (STI) depends on the success of the business in the respective year. The compensation system incentivizes operational success in the form of profitable growth, with a focus on increasing cash flow. In addition, strategy development and execution are evaluated as part of a multiplicative factor that allows additional financial and nonfinancial targets (e.g., ESG targets) to be set. The level of the STI payout is based on each Board of Management member's contractually agreed target amount, the target attainment for the three financial components (core EPS, free cash flow, and currency- and portfolio-adjusted sales growth), and the factor for strategy development and execution. Depending on how well the company performs, target attainment for the three equally weighted financial components may vary between 0% and 200%. The factor for strategy development and execution ranges from 0.8 to 1.2. The graphic below shows the components of the STI and how it functions.

C 1.3/1

Components of Short-Term Variable Cash Compensation (STI)



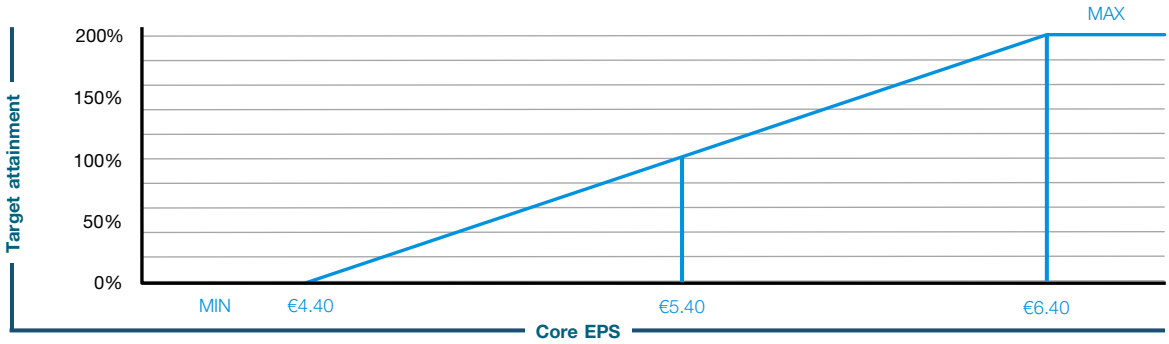
Profitability component

The profitability component is determined on the basis of core earnings per share (core EPS) at Group level. Using core EPS instead of simply EPS for this component means that special items do not have any impact on target attainment, and therefore offers a more accurate reflection of operational performance. In addition, core EPS is a key profitability indicator that we use in our external reporting and our corporate steering.

Using core EPS for this component provides specific incentives to raise profitability in the Bayer Group. The graphic below shows the minimum value, target value and maximum value that the Supervisory Board defined for core EPS at the beginning of 2024:

C 1.3/2

Target Attainment Function for Core EPS



For 2024, the core EPS target for the profitability component was set at €5.40. This target is below the 2023 target and actual performance, reflecting the more challenging business dynamics compared to 2023 (for example, the financial impact of the loss of exclusivity for Xarelto™ as the major driver). However, it nonetheless represented an ambitious target at the upper end of the capital market guidance which was provided at the beginning of 2024. Actual core EPS came in at €5.05 in 2024, corresponding to a target attainment level of 65.5%.

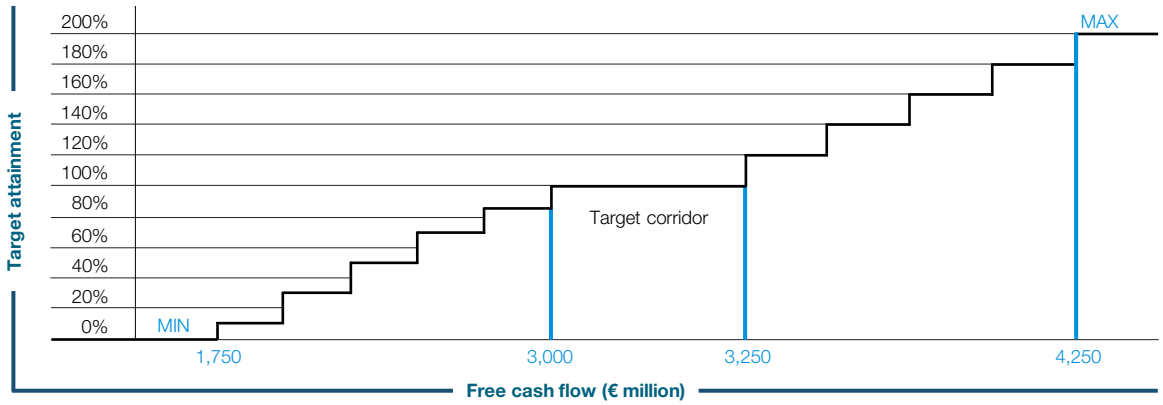
Liquidity component

The liquidity component is determined by the free cash flow at Group level. This component is aimed at incentivizing an increase in the cash flow available for reducing debt and making acquisitions, while also ensuring the Bayer Group's liquidity. As of 2024, payments in connection with the ongoing liability litigations surrounding glyphosate, dicamba, PCBs and Essure™ are taken into consideration when the KPI for free cash flow is defined. These payments are therefore taken into account during the target-setting process and are thus also relevant when determining target attainment. The free cash flow target is thus set in alignment with the capital market guidance and is in line with how the metric is presented in the Annual Report.

The graphic below shows the minimum value, target corridor, and maximum value that the Supervisory Board defined for free cash flow at the beginning of 2024:

C 1.3/3

Target Attainment Function for Free Cash Flow



For 2024, the target corridor for free cash flow was set at €3,000 million to €3,250 million, reflecting the inclusion of litigation payouts as well as the fact that business dynamics for 2024 were expected to be more challenging compared to 2023. Consequently, the target corridor for 2024 was lower than the previous year's but still ambitious as it was set above the capital market guidance provided at the beginning of 2024. Actual free cash flow came in at €3,107 million in 2024, corresponding to a target attainment level of 100%.

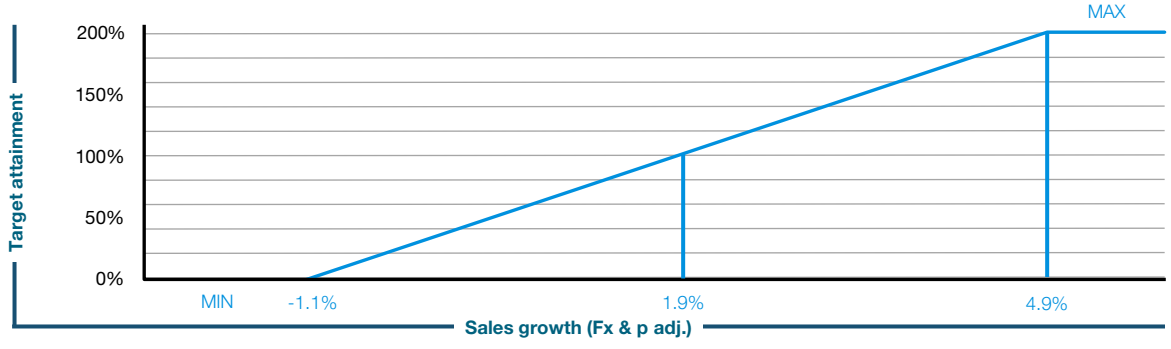
Growth component

The growth component is determined on the basis of currency- and portfolio-adjusted (Fx & portfolio adj.) sales growth at Group level. It is designed to incentivize sustainable sales growth at Group level and in the individual divisions, which is one of the Bayer Group's overarching objectives. Using currency- and portfolio-adjusted sales growth instead of simply sales growth for this component means that exchange rates and major acquisitions and divestments do not have any impact on target attainment, and therefore offers a more accurate reflection of operational performance. In addition, currency- and portfolio-adjusted sales growth is a metric we use in our external reporting and corporate steering, and is also the KPI used in our capital market guidance.

The graphic below shows the minimum value, target value and maximum value that the Supervisory Board defined for sales growth (Fx & portfolio adj.) at the beginning of 2024:

C 1.3/4

Target Attainment Function for Sales Growth (Fx & p adj.)



For 2024, the sales growth (Fx & portfolio adj.) target for the growth component was set at 1.9%. Actual sales growth (Fx & portfolio adj.) amounted to 0.4%[3] in 2024, corresponding to a target attainment level of 50.3%.

Factor for strategy development and execution

Successful strategy development and execution are measured as part of a modifier. For this purpose, individual targets are agreed with the Board of Management members at the beginning of the year. These targets specifically cover the main priorities, especially those of a strategic nature, for each Board of Management member and their area of responsibility.

Target attainment for the strategy development and execution factor is determined by the Supervisory Board after the end of the year. The target attainment levels for the financial performance criteria are multiplied by the respective factor for each Board of Management member. The factor can range from 0.8 to 1.2 (i.e., +/–20%). The table below shows the targets agreed and the respective attainment levels for 2024.

C 1.3/5

Individual Targets and Attainment Levels for 2024 – Strategy Development and Execution

Board of Management member	Target	Attainment	Explanation

Bill Anderson	// Achieve financial budget targets
	// Reduce expenses by €500 million through implementation of DSO
	// Reduce net financial debt by €2 billion
	// Improve stockholder communication
	// Adopt AI tools throughout Bayer
	// Expand product portfolio through innovation
	// Achieve progress in addressing litigations
	// Establish a succession-planning and career-development program while increasing diversity
		1.1	According to the Supervisory Board, Bill Anderson exceeded most of his targets for 2024 as follows:
			// He largely met the financial targets.
			// He made major progress in the development and activation of DSO, reducing headcount (by around 6,900 FTEs) and driving innovation speed and growth.
			// Bayer's strategy was effectively communicated to the investor base, which remains stable.
			// Significant progress was made in integrating AI across the divisions and the entire value chain.
			// He made a key contribution to driving the further development and implementation of the Pharmaceutical Division's innovation approach.
			// A comprehensive program to holistically address all aspects of the litigations was put in place.
			// He made good progress on gender diversity (percentage of women among the top 500 managers at the Bayer Group increased from 32% to 35%).
			
			The Supervisory Board therefore set the factor for Bill Anderson at 1.1.

Wolfgang Nickl	// Deliver on 2024 guidance
	// Plan and execute refinancing activities for 2024/25
	// Implement organizational changes within the Group
	// Advance digital transformation by adopting AI tools
	// Successfully engage with target investors
	// Support efforts to resolve litigation challenges
	// Implement EU Taxonomy/CSRD
	// Establish a succession-planning and career-development program while increasing diversity
		1.1	According to the Supervisory Board, Wolfgang Nickl exceeded most of his targets for 2024 as follows:
			// Significant progress was achieved in reducing net financial debt (decreased by €1.9 billion).
			// He successfully led the Enabling Functions through a difficult change process.
			// The CORE program (SAP S/4HANA implementation) was successfully advanced.
			// He engaged in proactive dialogue with our stakeholders.
			// He made a significant contribution to the new 2025 strategy to resolve the litigations, and ensured that EU Taxonomy/CSRD implementation remained on track.
			// He significantly advanced the development of promising future leaders.
			
			The Supervisory Board therefore set the factor for Wolfgang Nickl at 1.1.

[3] Due to the hyperinflation-related growth in Argentina and Turkey, currency- and portfolio-adjusted sales growth (0.7%) was adjusted by minus 0.3 percentage points when determining target attainment.

C 1.3/5 (continued)

Individual Targets and Attainment Levels for 2024 – Strategy Development and Execution

Board of Management member	Target	Attainment	Explanation

Stefan Oelrich	// Achieve financial budget targets
	// Maximize launch performance and reach launch readiness for multiple pharmaceutical assets
	// Build pipeline momentum and take steps to maximize potential through 2030
	// Implement new operating model
	// Improve capital market communication and investor relations activities
	// Establish a succession-planning and career-development program while increasing diversity
	// Drive forward initiatives that promote access to medicines
		1.1	According to the Supervisory Board, Stefan Oelrich exceeded most of his targets for 2024 as follows:
			// Pharmaceuticals had a highly successful year in 2024, surpassing its sales targets while also reducing costs. In addition, Nubeqa™ and Kerendia™ sales growth in the United States continued to advance.
			// The pipeline of future products has been strengthened, with projects successfully transitioning onto further phases. This also played a significant role in improving capital market communication.
			// He considerably advanced the implementation of the new operating model.
			// He was able to significantly evolve his leadership team as part of the new operating model.
			The Supervisory Board therefore set the factor for Stefan Oelrich at 1.1.

Heike Prinz	// Transform key HR systems and processes
	// Drive transformation of HR function to generate efficiencies of around 40% by year-end 2025
	// Increase employee participation, flexibility, motivation and productivity
	// Implement new operating model
	// Strengthen principles such as diversity and inclusion and Bayer's employer value proposition
	// Establish a succession-planning and career-development program while increasing diversity
		1.1	According to the Supervisory Board, Heike Prinz exceeded most of her targets for 2024 as follows:
			// She pragmatically implemented and improved a variety of HR processes.
			// She achieved notable progress in implementing the new operating model while maintaining HR service excellence.
			// She brought in talented new leaders who are an ideal fit for the Bayer culture.
			// She established a very effective working relationship with the Supervisory Board and the Works' Council, fostering dialogue between the Board of Management and the workforce.
			// Under her leadership, the percentage of women among the top 500 managers at the Bayer Group increased from 32% to 35%.
			The Supervisory Board therefore set the factor for Heike Prinz at 1.1.

Rodrigo Santos	// Achieve financial budget targets
	// Implement new operating model
	// Drive forward capital market communication and investor engagement
	// Successfully scale regenerative agriculture
	// Drive product innovation and leverage long-term growth opportunities
	// Improve employee retention
	// Establish a succession-planning and career-development program while increasing diversity
		1.0	According to the Supervisory Board, Rodrigo Santos met his targets for 2024 as follows:
			// Crop Science encountered major challenges due to the difficult market conditions. However, the division was nonetheless able to deliver strong sales results compared to key competitors.
			// He played a pioneering role in implementing the new operating model.
			// He continued to drive progress on innovative new products, with positive first reviews for Preceon™ corn, for example.
			The Supervisory Board therefore set the factor for Rodrigo Santos at 1.0.

Heiko Schipper (until April 30, 2024)	// Steer the division towards business targets
	// Reduce bureaucracy
	// Deliver impactful progress in implementing new operating model
	// Actively engage and support Group initiatives
	// Establish a succession-planning and career-development program while increasing diversity
		1.0	According to the Supervisory Board, Heiko Schipper met his targets for 2024 prior to his departure as follows:
			// Despite the challenging consumer health market, strong performance was achieved outside of the United States.
			// He laid the basis for the new operating model for reducing bureaucracy that his successor Julio Triana and his team were able to build on.
			The Supervisory Board therefore set the factor for Heiko Schipper at 1.0.

Julio Triana (from April 1, 2024)	// Steer the division towards business targets
	// Reduce bureaucracy
	// Deliver impactful progress in implementing new operating model
	// Actively engage and support Group initiatives
	// Establish a succession-planning and career-development program while increasing diversity
		1.0	According to the Supervisory Board, Julio Triana met his targets for 2024 after joining the Board of Management as follows:
			// Despite the challenging consumer health market, strong performance was achieved outside of the United States.
			// He developed a comprehensive strategy to focus investments on key brand/country intersections.
			// He successfully advanced the implementation of the new operating model for reducing bureaucracy.
			The Supervisory Board therefore set the factor for Julio Triana at 1.0.

Payment of the short-term variable compensation (STI)
The STI is paid out the following year at the earliest possible opportunity after closing of the financial statements for 2024. For 2024, it is calculated as follows:

C 1.3/6

Short-Term Variable Compensation in 2024 at a Glance

		Target attainment					
		Financial performance at Group level			Individual performance		
	Target amount (€)	Core EPS	Free cash flow	Sales growth (Fx & p adj.)	Strategy development and execution	Total	Payout amount (€)
Serving members of the Board of Management as of December 31, 2024							
Bill Anderson	2,025,000	65.50%	100.00%	50.27%	1.1	79.11%	1,601,977.50
Wolfgang Nickl	891,405				1.1	79.11%	705,190.50
Stefan Oelrich	891,405				1.1	79.11%	705,190.50
Heike Prinz	891,405				1.1	79.11%	705,190.50
Rodrigo Santos	891,405				1.0	71.92%	641,098.48
Julio Triana[1]	668,554				1.0	71.92%	480,823.86
Former Board of Management members							
Heiko Schipper[2]	279,000	65.50%	100.00%	50.27%	1.0	71.92%	200,656.80

[1] Prorated STI from April 1, 2024 (start of Board of Management appointment)
[2] Prorated STI until April 30, 2024 (termination of Board of Management appointment)

1.3.3 Long-term stock-based cash compensation (LTI) for 2024

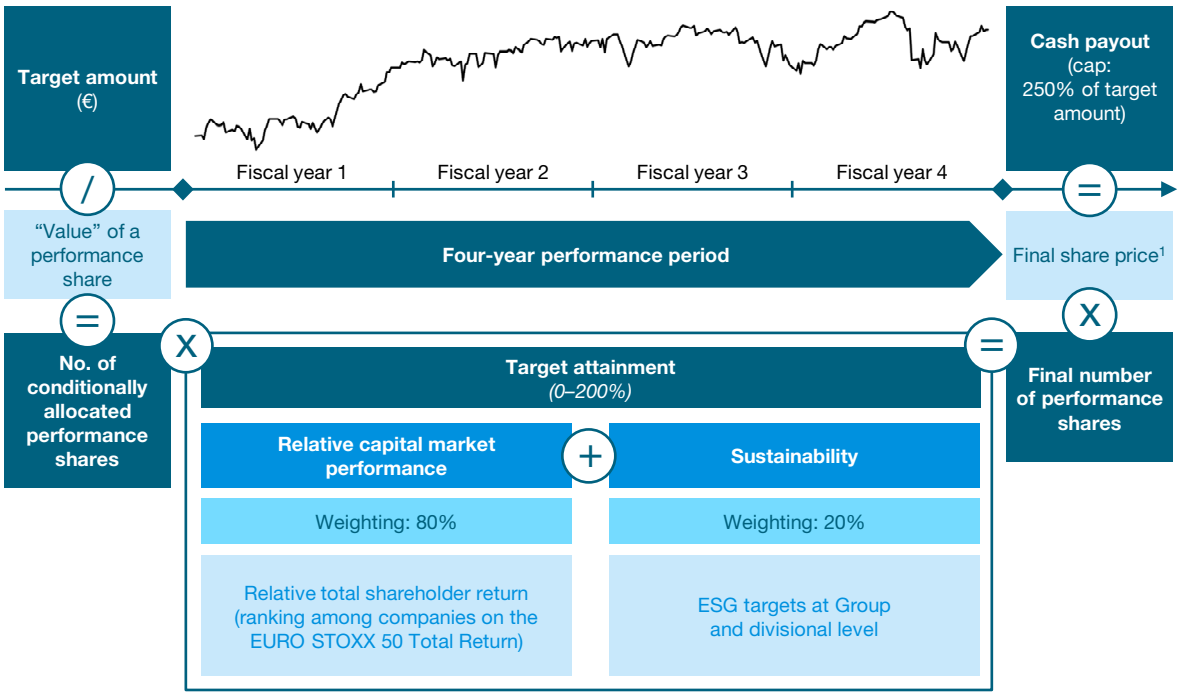
Allocated long-term stock-based cash compensation (from 2024)
Members of the Board of Management are eligible to participate in the annual tranches of the four-year stock-based LTI program provided that they purchase an individually determined number of Bayer shares as a personal investment and hold them for a specified period of time (see “Share Ownership Guidelines”).

The annual tranches are conditionally allocated in the form of (virtual) performance shares at the beginning of each fiscal year, with a performance period of four years for each tranche. To establish the number of performance shares conditionally allocated, a contractually agreed target amount is divided by the value (fair value) of a performance share at the time of allocation. The final number of performance shares is determined by multiplying the number of performance shares conditionally allocated by total target attainment, which is derived from weighted target attainment in the two performance criteria – relative capital market performance (80% weighting) and sustainability (20% weighting) – and is capped at 200%. Depending on how well the company performs, the target attainment levels for the two performance criteria may vary between 0% and 200%. Total target attainment of 0% results in zero performance shares and an LTI payout of zero.

The payout is based on the final number of performance shares multiplied by the arithmetic mean of the XETRA closing prices for Bayer stock on the 30 stock exchange trading days immediately preceding the end of the performance period plus the total dividends paid over the four-year performance period. This mirrors the way real shares work and renders the Board of Management “dividend-neutral”, with no financial incentive to keep dividends low. Dividends are not paid out in advance, nor are they guaranteed. The payout is capped at 250% of the contractually agreed target amount. The graphic below shows the components of the LTI and how it functions:

C 1.3/7

Components of Long-Term Variable Cash Compensation (LTI)



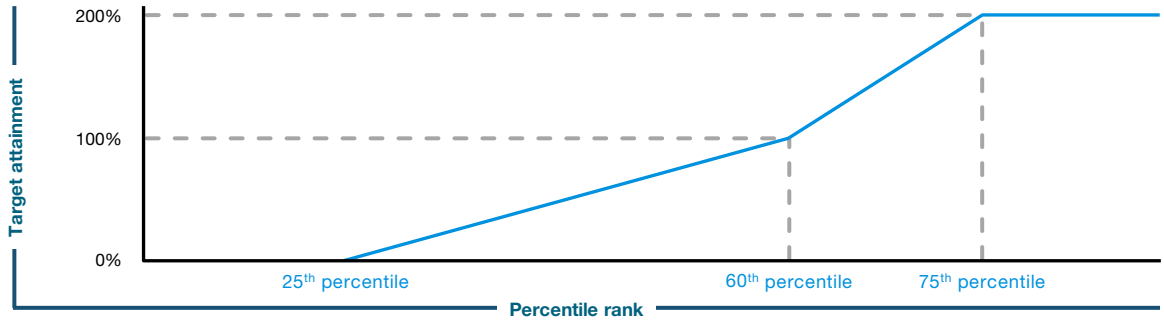
[1] Arithmetic mean of the XETRA closing prices for Bayer stock on the 30 stock exchange trading days immediately preceding the end of the respective four-year performance period, plus accumulated dividend payments

Relative capital market performance

Relative capital market performance is determined by ranking Bayer's total shareholder return (TSR) against companies in a benchmark index (in 2024 the EURO STOXX 50 Total Return, in line with the compensation system). The companies on the EURO STOXX 50 Total Return represent an appropriate peer group for benchmarking since the 49 companies in question are large, publicly listed firms that are comparable to Bayer in terms of size and international footprint. Bayer stock is also listed on the index. Bayer aims to be an attractive investment target and therefore incentivizes above-average capital market performance, both in absolute terms and relative to the market. The initial and final values for calculating the TSR are based on the arithmetic mean of the XETRA closing prices on the 30 stock exchange trading days immediately preceding the start and the end of the respective four-year performance period. The final value also includes the hypothetically reinvested gross dividends during that time. Target attainment is determined by calculating the TSR values of Bayer and of the individual benchmark companies, sorting them by order of amount, and then expressing their respective positioning as a percentile rank from 0 to 100. If Bayer is at or below the 25th percentile, target attainment is 0%. If Bayer is ranked at the 60th percentile, meaning the company's TSR is higher than 60% of companies in the benchmark index, target attainment is 100%. If Bayer's TSR lies at the 75th percentile, target attainment is 200%. Percentile ranks above this level do not result in higher target attainment (cap). Target attainment percentages between these points are determined through linear interpolation. The payout curve is shown in the graphic below.

C 1.3/8

Target Attainment Function for Relative Total Shareholder Return (Ranking)



Sustainability

We embrace sustainability in our activities, helping to safeguard our future social and economic viability. As a leader in nutrition and health, we aim to play our part in overcoming some of the world's biggest challenges by leveraging our innovative products and services. This includes combating hunger and improving healthcare, as well as taking measures to reduce our carbon footprint.

Against this backdrop, we have set ourselves sustainability targets as part of our sustainability strategy. These targets are also reflected in our long-term compensation system (LTI). At the beginning of each LTI tranche, the Supervisory Board defines measurable sustainability targets for the respective four-year performance period that are in line with our corporate strategy. In setting the sustainability targets, the Supervisory Board takes care to ensure that they are aligned with the Sustainable Development Goals (SDGs) of the United Nations as a minimum, and are also in step with international best practice, such as the Science Based Targets initiative (SBTi), with respect to how they are determined, measured and reviewed.

At the start of each tranche, the Supervisory Board sets a minimum value, a target value and a maximum value for the individual sustainability targets. If the target value has been achieved, target attainment is 100%. If the value achieved is below the minimum value, target attainment is 0%. If the maximum value has been achieved or exceeded, target attainment is 200%. The target attainment curves (minimum value, target value, maximum value) are based on the published sustainability targets for 2030. The sustainability targets for the 2024-2027 LTI tranche are shown in the graphic below:

C 1.3/9

Sustainability Targets for the 2024–2027 Tranche

Reduction in ...	Number of ...
Scope 1 and 2 greenhouse gas emissions	... smallholder farmers supported in low- and middle-income countries
Scope 3 greenhouse gas emissions from relevant categories	... people supported with self-care in underserved communities
	... women in low- and middle-income countries with access to modern contraception

Scope 1 and 2 greenhouse gas emissions encompass our own greenhouse gas emissions.
Scope 3 greenhouse gas emissions consist of the greenhouse gas emissions along our value chain.

The individual sustainability targets set and the attainment thereof will be reported on in the corresponding Compensation Report following the end of the performance period. Thus, the targets and attainment for the sustainability goals for awards granted in 2024 will be reported on in the 2027 Compensation Report published in 2028.

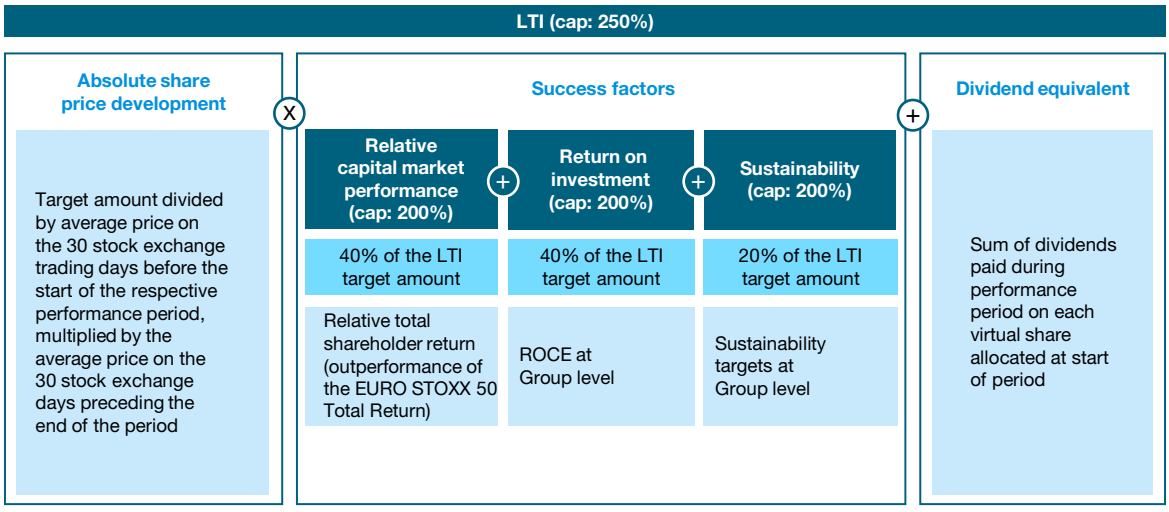
Long-term stock-based cash compensation (allocations through 2023)
Under the former compensation system which was used until 2023, the annual Aspire 3.0 tranches were allocated in the form of virtual shares with a performance period of four years for each tranche. The number of virtual shares conditionally allocated is calculated by multiplying base compensation by a contractually agreed target rate and then dividing by the arithmetic mean of the XETRA closing prices for Bayer stock on the 30 stock exchange trading days immediately preceding the start of the respective performance period.

The final number of virtual shares depends on the target attainment levels for the three components: relative capital market performance, return on investment and sustainability. The three components are weighted at 40%, 40%, and 20%, respectively. To determine the final number of virtual shares, the conditionally allocated number of virtual shares is multiplied by the weighted total target attainment of the three components.

The payout is calculated by multiplying the final number of virtual shares by the arithmetic mean of the XETRA closing prices for Bayer stock on the 30 stock exchange trading days immediately preceding the end of the performance period. In addition, the Board of Management members receive the accumulated dividends paid on each conditionally allocated virtual share during the four-year period. The components of the long-term variable cash compensation (LTI) are shown in the graphic below.

C 1.3/10

Components of Long-Term Variable Cash Compensation (LTI)

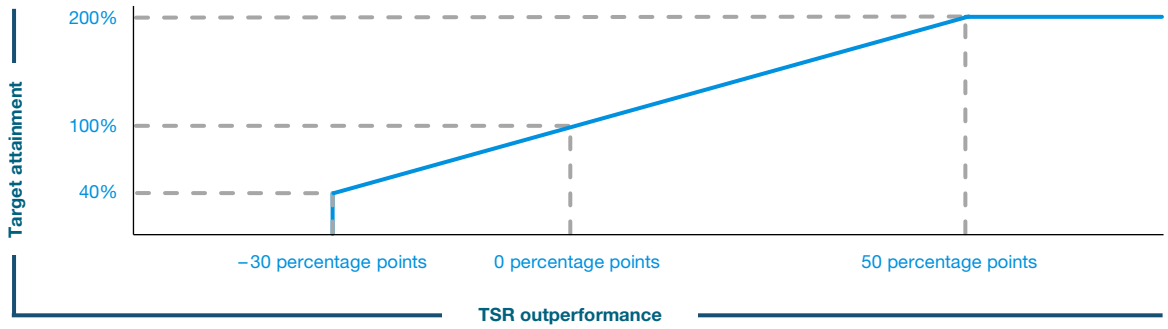


Relative capital market performance
Relative capital market performance is determined by the difference between Bayer's total shareholder return (TSR) and that of the EURO STOXX 50 Total Return, which serves as the benchmark index. The initial and final values for calculating the TSR are based on the arithmetic mean of the XETRA closing prices for Bayer stock on the 30 stock exchange trading days immediately preceding the start and the end of the respective four-year performance period. The final value also includes the hypothetically reinvested gross dividends during that time. Target attainment is determined based on the difference between Bayer's TSR over the period and that of the EURO STOXX 50 Total Return. If the difference is zero – i.e., performance is on a par with that of the index – target attainment is 100%. If the difference is more than –30 percentage points, target attainment is 0%. If the difference equals –30 percentage points, target attainment is 40%. If the difference is +50 percentage points or more, target attainment is 200%.

The target attainment curve for the relative TSR target is given in the graphic below.

C 1.3/11

Target Attainment Function for Relative Total Shareholder Return (Outperformance)



The four-year performance period of the 2021 Aspire 3.0 tranche ended at the end of 2024. For this period, TSR was –54.22% for Bayer stock and +52.01% for the EURO STOXX 50 Total Return. This results in a TSR performance of –106.23 percentage points, corresponding to a target attainment level of 0%.

Return on investment

The return on investment is based on the return on capital employed (ROCE) at Group level. The annual comparison of the ROCE to the weighted average cost of capital indicates the value generated by the company. The ROCE is a metric that is applied as part of Bayer's corporate steering system.

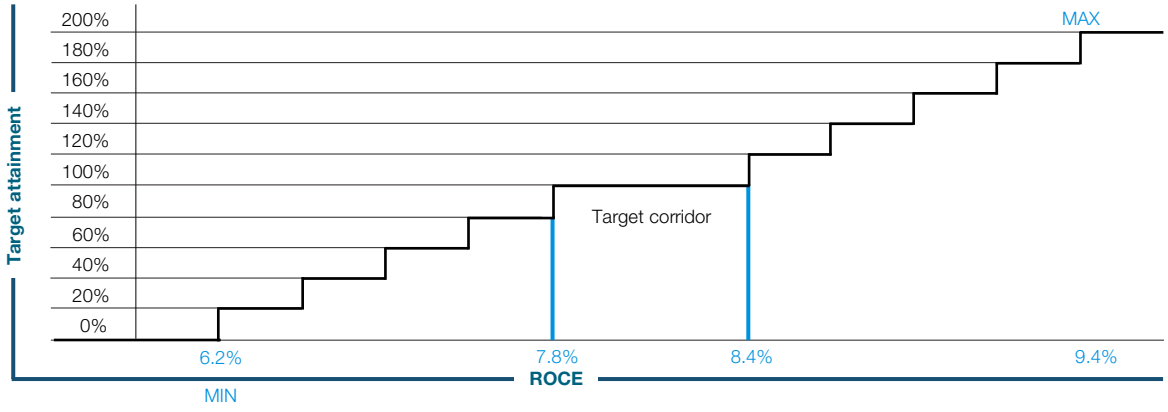
At the start of each tranche, the Supervisory Board sets a minimum value, a target corridor, a maximum value and additional benchmarks for ROCE in the final year of the four-year performance period. The minimum value is based on the weighted average cost of capital (WACC) on the date the respective tranche is issued. The target corridor for 100% target attainment is based on the WACC and an ambitious premium. This premium is based on business expectations for the fourth and final year of the respective tranche. The ROCE target corridor can therefore fluctuate from year to year. As such, it is also possible for target corridors to be lower than in the previous year.

At the end of the four-year performance period, the ROCE achieved in the final year of the performance period is compared to the target corridor set for that tranche of the LTI. If the target corridor has been achieved, target attainment is 100%. If performance is above or below the target corridor, attainment corresponds to the target function within an interval of 0% to 200%.

The graphic below shows the minimum value, the target corridor and maximum value for the 2021 tranche, the performance period for which ended in 2024:

C 1.3/12

Target Attainment Function for ROCE



For the 2021 tranche, an ROCE target corridor of 7.8% to 8.4% was set for return on investment in 2024. Actual ROCE came in at minus 0.1%, mainly driven by lower operating earnings and special charges for impairment losses and restructuring. This corresponded to an attainment level of 0%.

Sustainability
Starting with the 2021 tranche, the Supervisory Board defines specific sustainability targets for the four-year performance period that are taken into account with a weighting of 20%. Sustainability targets at both divisional and Group level can be taken into account.

In setting the sustainability targets, the Supervisory Board takes care to ensure that these are aligned with the Sustainable Development Goals (SDGs) of the United Nations as a minimum, and are also in step with international best practice, such as the Science Based Targets initiative (SBTi), with respect to how they are determined, measured and reviewed. Furthermore, they are an integral part of the business strategy, providing access to new customer groups and contributing to greater supply security, for example. All the sustainability targets below are given the same weighting. The Supervisory Board also sets a minimum value, a target corridor and a maximum value for the individual sustainability targets. If performance is above or below the target corridor, the target attainment corresponds to a target function within an interval of 0% to 200%. The graphic below shows a breakdown of the Group sustainability targets for 2030. These formed the basis of the ESG targets set for the 2021-2024 LTI.

C 1.3/13

Group Sustainability Targets Through 2030

Target[1]	Target for 2030
Number of smallholder farmers in low- and middle-income countries supported by products, services and partnerships	100 million
Number of women in low- and middle-income countries who have their need for modern contraception satisfied due to interventions supported by Bayer	100 million
Number of people in underserved[2] communities whose self-care is supported by interventions from Bayer	100 million
Scope 1 and 2[3] greenhouse gas emissions	42% decrease[4, 6]
Scope 3 greenhouse gas emissions from relevant[7] categories	12.3% decrease[5, 6]
Offsetting of remaining Scope 1 and 2 greenhouse gas emissions[8]	100%

[1] A more detailed description of the calculation methodologies is published on our website: www.bayer.com/en/sustainability/targets.
[2] Economically or medically
[3] Covering Scope 1 and 2 emissions (market-based) of sites that have an energy consumption in excess of 1.5 TJ
[4] Corresponding to the sustainability target of limiting global temperature rise to below 1.5°C above pre-industrial level
[5] Corresponding to the sustainability target of limiting global temperature rise to below 2°C above pre-industrial level
[6] By the end of 2029
[7] In accordance with the criteria set out by the Science Based Targets initiative, the Scope 3 categories relevant for our goal include emissions in the following categories: (1) purchased goods and services, (2) capital goods, (3) fuel- and energy-related activities, (4) (upstream) transportation and distribution, and (6) business travel.
[8] To be offset by purchasing certificates from verified climate protection projects, primarily in forestry and agriculture

The four-year performance period for the sustainability targets covers the years 2021 through 2024, which means that it ended at the end of fiscal 2024. The overview below shows the target figures that the Supervisory Board specified for the respective sustainability targets and levels achieved as of the end of 2024, as well as aggregated target attainment levels for each target based on these figures.

C 1.3/14

Group Sustainability Targets for 2024

Target	2019 baseline	2024 min. (0% attainment)	2024 target (100% attainment)	2024 max. (200% attainment)	2024 actual figures	Target attainment for 2024
Number of smallholder farmers in low- and middle-income countries supported by products, services and partnerships	42 million	<46 million	50–52 million	>56 million	52 million	100%
Number of women in low- and middle-income countries who have their need for modern contraception satisfied due to interventions supported by Bayer	38 million	<51 million	55–57 million	>61 million	51 million	20%
Number of people in underserved communities whose self-care is supported by interventions from Bayer	41 million	<46 million	50–52 million	>56 million	53 million	120%
Scope 1 and 2 greenhouse gas emissions (metric tons)	3.8 million	>3.5 million	2.9–3.1 million	<2.5 million	3.0 million	100%
Scope 3 greenhouse gas emissions from relevant categories (metric tons)	8.82 million	>8.55 million	8.25–8.35 million	<8.05 million	7.69 million	200%
Offsetting of remaining Scope 1 and 2 greenhouse gas emissions (metric tons)	–	<0.5 million	0.7–0.8 million	>1.0 million	0.7 million	100%
Target attainment (aggregated)						**106.67%**

Based on the target attainment levels for the individual sustainability targets, overall attainment for this component is 106.67%.

Payment of the 2021 tranche of Aspire 3.0

Payment takes place the following year at the earliest possible opportunity. For the 2021 tranche, it is calculated as follows:

C 1.3/15

Aspire 3.0 Payout Percentages

	2021 tranche
Bayer stock starting price	€47.99
Bayer stock final price	€19.60
Bayer stock performance	**–59.16%**
Performance factor – relative capital market performance	**0%**
Performance factor – return on investment (ROCE)	**0%**
Performance factor – sustainability targets	**106.67%**
Accumulated dividends per share	**€6.51**
Payout percentage	**22.28%**

Ongoing tranches of long-term variable cash compensation (LTI)

The following table provides an overview of the ongoing tranches for serving members of the Board of Management of Bayer AG in 2024:

C 1.3/16

Overview of LTI Tranches of Board of Management Members Serving as of Dec. 31, 2024

Overview of LTI tranches allocated

		Target amount (€)	Bayer stock starting price[1] (€)	No. of conditionally allocated virtual shares[2]	Target attainment for performance component[3]	Bayer stock final price[1] (€)	Total dividends per virtual share (€)	Payout percentage	Payout amount[4] (€)
2021 Aspire 3.0 tranche (Jan. 1, 2021 – Dec. 31, 2024)	Wolfgang Nickl	1,198,800	47.99	24,980	21.33%	19.60	6.51	22.28%	267,093
	Stefan Oelrich	1,278,600		26,643					284,873
2022 Aspire 3.0 tranche (Jan. 1, 2022 – Dec. 31, 2025)	Wolfgang Nickl	1,440,000	46.37	31,055	The performance period of the 2022 Aspire 3.0 tranche will end on Dec. 31, 2025				
	Stefan Oelrich	1,488,000		32,090					
	Rodrigo Santos[5]	1,488,000		32,090					
2023 Aspire 3.0 tranche (Jan. 1, 2023 – Dec. 31, 2026)	Bill Anderson[6]	3,375,000	52.15	64,717	The performance period of the 2023 Aspire 3.0 tranche will end on Dec. 31, 2026				
	Wolfgang Nickl	1,440,000		27,613					
	Stefan Oelrich	1,488,000		28,533					
	Heike Prinz[5]	1,200,000		23,011					
	Rodrigo Santos	1,488,000		28,533					
2024 LTI tranche (Jan. 1, 2024 – Dec. 31, 2027)	Bill Anderson	3,600,000	30.83[7]	116,769	The performance period of the 2024 LTI tranche for the Board of Management will end on Dec. 31, 2027				
	Wolfgang Nickl	1,488,000		48,265					
	Stefan Oelrich	1,488,000		48,265					
	Heike Prinz	1,488,000		48,265					
	Rodrigo Santos	1,488,000		48,265					
	Julio Triana[5]	1,485,675		48,189					

[1] Average share price on the 30 trading days preceding the start/end of a tranche

[2] The number of conditionally allocated virtual shares is determined by dividing the LTI target value by the fair value of the conditionally allocated virtual performance shares (for the 2024 tranche) or by the average share price over the preceding 30 stock exchange trading days before the tranche is issued (up to the 2023 tranche).

[3] Target attainment for the 2024 LTI tranche is determined on the basis of the weighted target attainment levels for the two performance criteria, "EURO STOXX 50 Total Return ranking" and "Sustainability". Target attainment for Aspire 3.0 is based on the weighted target attainment levels for the three performance criteria "Relative capital market performance", "Return on investment" and "Sustainability".

[4] Shown here is the amount actually paid out, taking into account system-related rounding.

[5] LTI tranches granted by Bayer prior to their appointment to the Board of Management are not shown. Where appropriate, the LTI tranche granted in the year they were appointed to the Board of Management is therefore presented on a prorated basis from the date of appointment. When each performance period comes to an end, the respective tranche will be shown in the "Compensation Awarded and Due" table.

[6] Prorated entitlement (45/48) due to Board of Management appointment starting on April 1, 2023

[7] For the 2024 tranche, the fair value of the conditionally allocated virtual performance shares is used as the basis. It is calculated using a Monte Carlo simulation model. The relevant volatilities and correlations are determined based on historical returns. Discounting is based on the four-year ESTR swap rate. For the ESG factor, an attainment rate of 100% is assumed. The payout cap (250%) is also taken into account when determining the fair value.

In line with the recommendation of the German Corporate Governance Code, already allocated LTI tranches are paid out according to the originally agreed targets at the end of the contractually specified performance period should a Board of Management member's service contract be terminated. The table below shows the ongoing tranches for the former members of the Board of Management of Bayer AG. Since Heiko Schipper's Board of Management contract was terminated early at his instigation, the LTI entitlements already granted to him for the years 2021 to 2024 have lapsed and are therefore not included in the table below.

C 1.3/17

Overview of LTI Tranches of Former Board of Management Members

Overview of LTI tranches allocated

		Target amount (€)	Bayer stock starting price[1] (€)	No. of conditionally allocated virtual shares[2]	Target attainment for performance component[3]	Bayer stock final price[1] (€)	Total dividends per virtual share (€)	Payout percentage	Payout amount[4] (€)
2021 Aspire 3.0 tranche (Jan. 1, 2021 – Dec. 31, 2024)	Werner Baumann	2,512,350	47.99	52,352	21.33%	19.60	6.51	22.28%	559,752
	Liam Condon	1,446,450		30,141					322,270
	Sarena Lin[5]	1,098,900		22,899					244,835
	Kemal Malik	1,284,923		26,775					286,281
2022 Aspire 3.0 tranche (Jan. 1, 2022 – Dec. 31, 2025)	Werner Baumann	2,840,000	46.37	61,246	The performance period of the 2022 Aspire 3.0 tranche will end on Dec. 31, 2025				
	Sarena Lin	1,440,000		31,055					
2023 Aspire 3.0 tranche (Jan. 1, 2023 – Dec. 31, 2026)	Werner Baumann	2,840,000	52.15	54,458	The performance period of the 2023 Aspire 3.0 tranche will end on Dec. 31, 2026				
	Sarena Lin	1,440,000		27,613					
2024 LTI tranche (Jan. 1, 2024 – Dec. 31, 2027)	Sarena Lin[6]	120,000	30.83[7]	3,892	The performance period of the 2024 LTI tranche for the Board of Management will end on Dec. 31, 2027				

[1] Average share price on the 30 trading days preceding the start/end of a tranche

[2] The number of conditionally allocated virtual shares is determined by dividing the LTI target value by the fair value of the conditionally allocated virtual performance shares (for the 2024 tranche) or by the average share price over the preceding 30 stock exchange trading days before the tranche is issued (up to the 2023 tranche).

[3] Target attainment for the 2024 LTI tranche is determined on the basis of the weighted target attainment levels for the two performance criteria, "EURO STOXX 50 Total Return ranking" and "Sustainability". Target attainment for Aspire 3.0 is based on the weighted target attainment levels for the three performance criteria "Relative capital market performance", "Return on investment" and "Sustainability".

[4] Shown here is the amount actually paid, taking into account system-related rounding.

[5] Prorated entitlement (11/12) due to Board of Management appointment starting on February 1, 2021

[6] Due to the termination agreement as of August 31, 2023, prorated entitlement (1/12) until January 31, 2024, the original end date of her contract

[7] For the 2024 tranche, the fair value of the conditionally allocated virtual performance shares is used as the basis. It is calculated using a Monte Carlo simulation model. The relevant volatilities and correlations are determined based on historical returns. Discounting is based on the four-year ESTR swap rate. For the ESG factor, an attainment rate of 100% is assumed. The payout cap (250%) is also taken into account when determining the fair value.

1.3.4 Fringe benefits

Fringe benefits include costs assumed by the company for health screening and various work-related insurance policies. Each member of the Board of Management has access to a company car, including driver, for business and a reasonable amount of private use, or receives a corresponding budget. In addition, the company pays the cost of security installations at each member's private residence. Work-related moving expenses are either individually reimbursed or compensated in the form of a flat-rate allowance. Any indemnity payments to new members of the Board of Management for variable compensation forfeited on termination of previous employment also constitute fringe benefits.

1.3.5 Pension entitlement/installment

Members of the Board of Management appointed after January 1, 2020, are not entitled to a company pension plan but instead receive a pension installment, which is paid out directly. The pension installment is equivalent to 40% of the respective base compensation. For the company, this avoids all the interest-rate and biometric risks involved in financing a pension entitlement, and also eliminates the complex actuarial calculations and administrative procedures involved. In addition, it means that the members of the Board of Management are responsible for making their own pension arrangements.

Members of the Board of Management appointed prior to January 1, 2020, retain their contribution-based pension entitlements. Bayer makes company contributions to complement the personal contributions of 2% up to the ceiling for statutory pension contributions in Germany. The company contributions are currently set at 2% to Rheinische Pensionskasse VVaG on fixed annual compensation up to the ceiling for statutory pension contributions in Germany. In addition, Bayer provides a hypothetical annual contribution equal to 42% of the amount by which the respective base compensation exceeds that ceiling. This percentage is comprised of a basic contribution of 6% and a matching contribution of 36%, which is four times the member's personal contribution of 9%. The total annual contribution is converted into a pension component according to the annuity table for the applicable tariff of the Rheinische Pensionskasse VVaG pension fund. The annual pension entitlement upon retirement is the total amount of the accumulated pension components including any investment bonus, the amount of which is determined annually based on the net return on the assets of the Rheinische Pensionskasse VVaG minus the minimum return (0.9%) on the contributions that is guaranteed under tariff 4 and approved by the German Financial Supervisory Authority (BaFin). Future pension payments are reviewed annually and adjusted in line with the respective entitlements.

If the contract of a member of the Board of Management is terminated due to permanent incapacity to work before he or she reaches the age of 60, an invalidity pension is granted.

In addition, the following arrangements are in place for members of the Board of Management who served in 2024:

// In view of his split contract, Heiko Schipper (until April 30, 2024) participated in pension plans in Germany (30%) – for his service on the Board of Management of Bayer AG – and in Switzerland (70%) – under his contract as head of Consumer Health at Bayer Consumer Care AG in Basel – on a prorated basis. Schipper's pension entitlement in Switzerland arose from a defined benefit plan in which contributions accumulate in an account and are then disbursed as a retirement annuity.
// Due to his split contract (30% Germany/70% Switzerland), Julio Triana (from April 1, 2024) receives a pension installment amounting to 40% of his base compensation in Germany for his service on the Board of Management of Bayer AG. In Switzerland, he additionally participates in the local pension plan under his contract as head of Consumer Health at Bayer Consumer Care AG in Basel in line with the relevant provisions. It is a defined benefit plan in which contributions accumulate in an account and are then disbursed as a retirement annuity.

Certain assets are administered by Bayer Pension Trust e. V. under a contractual trust arrangement (CTA) to cover pension entitlements resulting from direct commitments in Germany. This provides substantial additional security – beyond the benefits from the Pension Insurance Association – for the respective pension entitlements of the Board of Management members and other managerial employees in Germany.

The service cost according to IFRS is calculated based on contractual obligations and actuarial assumptions. It reflects the amount, calculated actuarially, that was earned by the respective Board of Management member in the respective year through their work and that was recognized through profit or loss. It corresponds to the present value of the newly earned future pension payments, and is impacted by updated actuarial adjustments. The service cost does not reflect a payout amount or payments currently being made to Board of Management members. A lower discount rate at the start of the year, higher anticipated salary and pension increases, and a shorter vesting period in years are factors that result in a higher service cost. The current service cost for the pension entitlements of the Board of Management members recognized in 2024 according to IFRS was €529 thousand (2023: €1,707 thousand). The following table shows the service cost according to IFRS and the settlement or present value of the pension obligations attributable to the individual members of the Board of Management.

C 1.3/18

Pension Entitlements According to IFRS

€ thousand	Service cost according to IFRS 2023	Service cost according to IFRS 2024	Present value of defined benefit pension obligation as of Dec. 31 2023	Present value of defined benefit pension obligation as of Dec. 31 2024
Serving members of the Board of Management as of December 31, 2024				
Contribution-based pension entitlements				
Wolfgang Nickl	116	118	1,044	1,346
Stefan Oelrich	125	131	1,023	1,304
Julio Triana	–	215	–	333
Former Board of Management members				
Heiko Schipper	144	65	7,534	346

The service cost according to IFRS can therefore fluctuate from one year to the next. The existing pension entitlements of a Board of Management member cannot legally be unilaterally adjusted by Bayer.

1.3.6 Caps on variable compensation components and total compensation

If targets are not attained, variable compensation can fall to as low as zero. However, if targets are clearly exceeded, the payout is limited to 200% (STI cap) or 250% (LTI cap) of the individual target amount.

In addition, the Supervisory Board has set an absolute amount in euros for the maximum total compensation granted in a fiscal year pursuant to Section 87a, Paragraph 1, Sentence 2, No.1 of the German Stock Corporation Act (AktG). The maximum total annual compensation is set at €12 million for the Chairman of the Board of Management (CEO) and €7.5 million for the other members of the Board of Management. The maximum total compensation for a fiscal year includes all fixed and variable compensation components:

// Base compensation
// Fringe benefits
// Short-term variable cash compensation (STI)
// Long-term variable cash compensation (LTI)
// Pension installment or service cost according to IFRS for pension entitlement

Compliance with the specified thresholds for the maximum total compensation of Board of Management members cannot be reported on conclusively until all compensation components granted for a given fiscal year have been paid out. This means that for fiscal years 2022 to 2024, this can only be reported on after the respective LTI four-year performance periods have ended.

The respective actual compensation levels for the 2021 reference year were significantly below the established maximum compensation levels for all Board of Management members.

1.3.7 Malus and clawback provisions for variable compensation

In the event of gross misconduct or misrepresentation in financial reporting, the Supervisory Board has the discretion to withhold the STI and LTI for fiscal years from 2020 onward (malus) or – if these have already been paid out – to require that they be repaid to the company (clawback).

In the event that a member of the Board of Management violates a substantial duty of care, significant obligations under his or her service contract, or other important operating principles such as those prescribed by the Code of Conduct for Members of the Board of Management or the Corporate Compliance Policy, the Supervisory Board may, in the proper exercise of its discretion, withhold all or part of the variable compensation that has not yet been paid out (malus). In addition, the Supervisory Board may, in the proper exercise of its discretion, require that all or part of any gross amount that has already been paid out be repaid to the company (clawback).

Moreover, the members of the Board of Management are required to repay variable compensation already paid out if it is subsequently established that the audited and approved consolidated financial statements on which the calculation of the payout for fiscal years from 2020 onward was based were defective, with the amount to be repaid reflecting the corrections to be made. This applies even if the defectiveness of the consolidated financial statements is not attributable to any fault on the part of the members of the Board of Management. Irrespective of the above, a legal basis also exists for payment reductions or regress in the event of a damaging breach of duty by members of the Board of Management.

In 2024, the Supervisory Board did not see any cause to reduce any variable compensation that had not yet been paid out (malus) or reclaim variable compensation that had already been paid out (clawback).

1.3.8 Share Ownership Guidelines

The Bayer Share Ownership Guidelines form an integral part of the compensation system, serving to ensure alignment between Board of Management and stockholder interests as well as to promote sustainable development. Under the Bayer Share Ownership Guidelines, members of the Board of Management are required to build substantial positions in Bayer shares within four years of joining the Board. The Chairman (CEO) must purchase shares to the value of 200% of base compensation, while the other Board of Management members must purchase shares to the value of 100% of their respective base compensation. They must then retain at least these shares for the remainder of their service on the Board of Management, and for two years thereafter. If they cannot provide evidence of this share ownership, they will not be entitled to payment of the LTI. The virtual shares allocated as part of the LTI program do not count toward the number of Bayer shares to be purchased under the Share Ownership Guidelines.

An overview of the current Share Ownership Guidelines can be found below:

C 1.3/19

Share Ownership Guidelines – Status

Serving Board of Management members as of December 31, 2024

Board of Management member	Target (% of base compensation)	End of position-building phase	Status
Bill Anderson	200%	March 31, 2027	In progress
Wolfgang Nickl	100%	April 25, 2022	Fulfilled
Stefan Oelrich	100%	Oct. 31, 2022	Fulfilled
Heike Prinz	100%	Aug. 31, 2027	In progress
Rodrigo Santos	100%	Dec. 31, 2025	In progress
Julio Triana	100%	March 31, 2028	Fulfilled

1.3.9 Entitlements upon termination of service on the Board of Management

If the service contract of a member of the Board of Management is terminated before the end of the term of office – other than for cause – at the company's instigation, his or her entitlements under the service contract are fulfilled until the departure date.

Payments of variable compensation are made on the dates and at the conditions originally agreed, and are not brought forward. In doing so, Bayer observes the principles of good corporate governance: LTI allocations already granted are paid out to departing Board of Management members according to the original payment plans and calculated according to the previously agreed rules.

In line with the recommendations of the German Corporate Governance Code, the service contracts of the members of the Board of Management contain the provision that payments upon termination of service shall not exceed twice the annual compensation or the compensation amount for the remaining term of the contract if this is lower (severance cap).

Change of control

To ensure their independence, members of the Board of Management are also entitled to a severance payment in the event of a change of control as defined in the German Securities Acquisition and Takeover Act (WpÜG), provided certain narrow conditions are met. The entitlement to a severance payment only arises if the service contract is terminated by mutual agreement at the company's instigation or if the position of the Board of Management member is significantly affected by the change of control and he or she gives notice of termination within 12 months of the date of the change of control. The position of the Board of Management member is significantly affected if, in particular, one of the following conditions is fulfilled:

// Significant changes in the company's strategy
// Significant changes in his or her duties
// Significant changes in the company's legal form

In these cases, members of the Board of Management are entitled to a severance payment of 250% of annual base compensation, though this must not exceed the compensation for the remaining term of the respective contract. This entitlement does not exist if termination takes place for cause as defined in Section 626 of the German Civil Code (BGB).

Post-contractual noncompete agreements

Post-contractual noncompete agreements are in place with the members of the Board of Management, providing for indemnity payments to be made by the company for the two-year noncompete period. The indemnity payment for each of the two years amounts to 100% of a member's average base compensation for the 12 months preceding his or her departure. In the event a service contract is terminated early, any severance payment for the remaining part of the original term of the contract is deducted from the indemnity payment. Upon contract termination, the company may waive the post-contractual noncompete agreement, in which case no indemnity is paid.

Unfitness for work

In the event of temporary unfitness for work, members of the Board of Management continue to receive their contractually agreed compensation. If a Board of Management member has been continuously unfit for work for at least 18 months and is likely to be permanently incapable of fully performing his or her duties (permanent incapacity to work), the Supervisory Board may terminate his or her service contract early.

1.3.10 Payment for service on governance bodies and third-party compensation

Any compensation a member of the Board of Management receives for service on the supervisory board of a Bayer Group company is deducted from his or her base compensation. Any membership in a supervisory board of a company outside the Bayer Group must be approved in advance by the Supervisory Board. Where a member of the Board of Management serves on the supervisory board of a company outside the Bayer Group, the Supervisory Board of Bayer AG decides whether and to what extent a deduction is to be made. No deductions are being made for Board of Management members currently serving on external supervisory boards.

No member of the Board of Management received compensation from a third party in 2024 for serving on their management and/or supervisory boards.

1.4 Individual Board of Management compensation levels in 2024

1.4.1 Target compensation

The following tables show the individual target values, along with the minimum and maximum values, for the compensation components contractually agreed in 2024, including expenses for fringe benefits and pension entitlements, along with the relative shares of the individual compensation components.

C 1.4/1

Target Compensation (Part I)

	Serving members of the Board of Management as of December 31, 2024									
	Bill Anderson[1, 2] (Chairman/CEO)					Wolfgang Nickl (Finance)				
	Joined April 1, 2023					Joined April 26, 2018				
	2024 (€ thousand)	2024 (%)	Min. 2024 (€ thousand)	Max.[3] 2024 (€ thousand)	2023 (€ thousand)	2024 (€ thousand)	2024 (%)	Min. 2024 (€ thousand)	Max.[3] 2024 (€ thousand)	2023 (€ thousand)
Base compensation	2,250	25.4	2,250	2,250	1,688	975	26.9	975	975	900
Fringe benefits	67	0.8	67	67	3,985	159	4.4	159	159	156
Pension installment	900	10.2	900	900	675	–	–	–	–	–
Short-term variable cash compensation										
STI 2023	–	–	–	–	1,519	–	–	–	–	810
STI 2024	2,025	22.9	0	4,050	–	891	24.5	0	1,783	–
Long-term stock-based cash compensation										
Aspire 3.0 2023 (Jan. 1, 2023 – Dec. 31, 2026)	–	–	–	–	3,375	–	–	–	–	1,440
LTI tranche 2024 (Jan. 1, 2024 – Dec. 31, 2027)	3,600	40.7	0	9,000	–	1,488	40.9	0	3,720	–
Service cost/benefit expense (IFRS)	–	–	–	–	–	118	3.3	118	118	116
Total compensation	**8,842**	**100.0**	**3,217**	**16,267**	**11,242**	**3,631**	**100.0**	**1,252**	**6,755**	**3,422**

C 1.4/2

Target Compensation (Part II)

	Serving members of the Board of Management as of December 31, 2024									
	Stefan Oelrich (Pharmaceuticals)					Heike Prinz[1, 4] (Labor Director)				
	Joined Nov. 1, 2018					Joined Sept. 1, 2023				
	2024 (€ thousand)	2024 (%)	Min. 2024 (€ thousand)	Max.[3] 2024 (€ thousand)	2023 (€ thousand)	2024 (€ thousand)	2024 (%)	Min. 2024 (€ thousand)	Max.[3] 2024 (€ thousand)	2023 (€ thousand)
Base compensation	975	26.5	975	975	930	975	25.7	975	975	300
Fringe benefits	198	5.4	198	198	54	46	1.2	46	46	39
Pension installment	–	–	–	–	–	390	10.3	390	390	120
Short-term variable cash compensation										
STI 2023	–	–	–	–	837	–	–	–	–	270
STI 2024	891	24.2	0	1,783	–	891	23.5	0	1,783	–
Long-term stock-based cash compensation										
Aspire 3.0 2023 (Jan. 1, 2023 – Dec. 31, 2026)	–	–	–	–	1,488	–	–	–	–	1,200
LTI tranche 2024 (Jan. 1, 2024 – Dec. 31, 2027)	1,488	40.4	0	3,720	–	1,488	39.3	0	3,720	–
Service cost/benefit expense (IFRS)	131	3.5	131	131	125	–	–	–	–	–
Total compensation	**3,683**	**100.0**	**1,304**	**6,807**	**3,434**	**3,790**	**100.0**	**1,411**	**6,914**	**1,929**

C 1.4/3

Target Compensation (Part III)

	Serving members of the Board of Management as of December 31, 2024									
	Rodrigo Santos (Crop Science)					Julio Triana[1, 5] (Consumer Health)				
	Joined Jan. 1, 2022					Joined April 1, 2024				
	2024 (€ thousand)	2024 (%)	Min. 2024 (€ thousand)	Max.[3] 2024 (€ thousand)	2023 (€ thousand)	2024 (€ thousand)	2024 (%)	Min. 2024 (€ thousand)	Max.[3] 2024 (€ thousand)	2023 (€ thousand)
Base compensation	975	25.9	975	975	930	743	22.3	743	743	–
Fringe benefits	26	0.7	26	26	26	131	3.9	131	131	–
Pension installment	390	10.3	390	390	372	89	2.7	89	89	–
Short-term variable cash compensation										
STI 2023	–	–	–	–	837	–	–	–	–	–
STI 2024	891	23.6	0	1,783	–	669	20.1	0	1,337	–
Long-term stock-based cash compensation										
Aspire 3.0 2023 (Jan. 1, 2023 – Dec. 31, 2026)	–	–	–	–	1,488	–	–	–	–	–
LTI tranche 2024 (Jan. 1, 2024 – Dec. 31, 2027)	1,488	39.5	0	3,720	–	1,486	44.6	0	3,714	–
Service cost/benefit expense (IFRS)	–	–	–	–	–	215	6.4	215	215	–
Total compensation	**3,770**	**100.0**	**1,391**	**6,894**	**3,653**	**3,333**	**100.0**	**1,178**	**6,229**	**–**

[1] In cases where Board of Management appointments began during the year, target compensation is presented on a pro rata temporis basis from the appointment date.
[2] Bill Anderson's fringe benefits for 2023 included a one-time partial indemnity payment of €3.8 million for compensation entitlements forfeited at his previous employer, customary fringe benefits and expenditures for relocation and accommodation expenses of up to €200 thousand provisionally covered by the company.
[3] The maximum figures shown here do not yet take into account the caps on total compensation.
[4] Heike Prinz' fringe benefits for 2023 included a one-time relocation assistance payment of €25 thousand.
[5] Julio Triana's fringe benefits include relocation assistance costs of €111 thousand.

1.4.2 Compensation awarded and due

The tables below show all fixed and variable compensation components along with their respective relative shares for each member of the Board of Management. Awarded compensation encompasses compensation for services that have been fully rendered once the fiscal year ends, even though actual payment will not be made until the subsequent fiscal year. Due compensation comprises compensation that is legally due but has not yet actually been paid out to the Board of Management member.

The payout amounts for the 2024 STI and the Aspire 3.0 tranche issued in 2021 are included in the 2024 table for compensation awarded and due, since the respective Board of Management member had fully rendered the services on which the respective compensation is based during the one- and four-year periods. The fact that the payouts will not actually be made until the subsequent year is overlooked in order to present the link between the compensation and performance of the Board of Management in the same period.

The service cost according to IFRS is additionally shown as a part of Board of Management compensation, even though it does not constitute awarded or due compensation within the meaning of Section 162 of the German Stock Corporation Act (AktG).

Heiko Schipper stepped down from the Board of Management of Bayer AG by mutual agreement as of April 30, 2024. The LTI entitlements already granted to Schipper for the years from 2021 through 2024 lapsed due to him terminating his service contract. In addition, Heiko Schipper did not receive an indemnity payment or any other severance payments.

C 1.4/4

Compensation Awarded and Due (Part I)

	Serving members of the Board of Management as of December 31, 2024					
	Bill Anderson[1] (Chairman/CEO) Joined April 1, 2023			Wolfgang Nickl (Finance) Joined April 26, 2018		
	2024 (€ thousand)	**2024 (%)**	**2023 (€ thousand)**	**2024 (€ thousand)**	**2024 (%)**	**2023 (€ thousand)**
Base compensation	2,250	46.7	1,688	975	46.3	900
Fringe benefits	67	1.4	3,985	159	7.5	156
Pension installment	900	18.7	675	–	–	–
Short-term variable cash compensation						
STI 2023	–	–	144	–	–	77
STI 2024	1,602	33.2	–	705	33.5	–
Long-term stock-based cash compensation						
Aspire 3.0 2020 (Jan. 1, 2020 – Dec. 31, 2023)	–	–	–	–	–	157
Aspire 3.0 2021 (Jan. 1, 2021 – Dec. 31, 2024)	–	–	–	267	12.7	–
Total compensation awarded and due	**4,819**	**100.0**	**6,492**	**2,106**	**100.0**	**1,290**
Service cost/benefit expense (IFRS)	–		–	118		116
Total compensation	**4,819**		**6,492**	**2,224**		**1,406**

C 1.4/5

Compensation Awarded and Due (Part II)

	Serving members of the Board of Management as of December 31, 2024					
	Stefan Oelrich (Pharmaceuticals) Joined Nov. 1, 2018			Heike Prinz[2] (Labor Director) Joined Sept. 1, 2023		
	2024 (€ thousand)	**2024 (%)**	**2023 (€ thousand)**	**2024 (€ thousand)**	**2024 (%)**	**2023 (€ thousand)**
Base compensation	975	45.1	930	975	45.7	300
Fringe benefits	198	9.1	54	46	2.2	39
Pension installment	–	–	–	390	18.3	120
Short-term variable cash compensation						
STI 2023	–	–	103	–	–	23
STI 2024	705	32.6	–	705	33.0	–
Long-term stock-based cash compensation[3]						
Aspire 3.0 2020 (Jan. 1, 2020 – Dec. 31, 2023)	–	–	167	–	–	68
Aspire 3.0 2021 (Jan. 1, 2021 – Dec. 31, 2024)	285	13.2	–	18	0.8	–
Total compensation awarded and due	**2,163**	**100.0**	**1,254**	**2,134**	**100.0**	**550**
Service cost/benefit expense (IFRS)	131		125	–		–
Total compensation	**2,294**		**1,379**	**2,134**		**550**

C 1.4/6

Compensation Awarded and Due (Part III)

	Serving members of the Board of Management as of December 31, 2024					
	Rodrigo Santos (Crop Science) Joined Jan. 1, 2022			Julio Triana[4] (Consumer Health) Joined April 1, 2024		
	2024 (€ thousand)	**2024 (%)**	**2023 (€ thousand)**	**2024 (€ thousand)**	**2024 (%)**	**2023 (€ thousand)**
Base compensation	975	47.4	930	743	50.7	–
Fringe benefits	26	1.3	26	131	8.9	–
Pension installment	390	19.0	372	89	6.1	–
Short-term variable cash compensation						
STI 2023	–	–	–	–	–	–
STI 2024	641	31.2	–	481	32.8	–
Long-term stock-based cash compensation[3]						
Aspire 3.0 2020 (Jan. 1, 2020 – Dec. 31, 2023)	–	–	68	–	–	–
Aspire 3.0 2021 (Jan. 1, 2021 – Dec. 31, 2024)	23	1.1	–	22	1.5	–
Total compensation awarded and due	**2,055**	**100.0**	**1,396**	**1,466**	**100.0**	**–**
Service cost/benefit expense (IFRS)	–		–	215		–
Total compensation	**2,055**		**1,396**	**1,681**		**–**

[1] Bill Anderson's fringe benefits for 2023 included a one-time partial indemnity payment of €3.8 million for compensation entitlements forfeited at his previous employer, customary fringe benefits and expenditures for relocation and accommodation expenses of up to €200 thousand provisionally covered by the company.
[2] Heike Prinz' fringe benefits for 2023 included a one-time relocation assistance payment of €25 thousand.
[3] The LTI tranches granted to Heike Prinz, Rodrigo Santos and Julio Triana prior to their appointment to the Board of Management are included in awarded compensation.
[4] Julio Triana's fringe benefits include relocation assistance costs of €111 thousand.

C 1.4/7

Compensation Awarded and Due (Part IV)

	Board of Management members who stepped down in 2024		
	Heiko Schipper (Consumer Health) Stepped down: April 30, 2024		
	2024 (€ thousand)	**2024 (%)**	**2023 (€ thousand)**
Base compensation	310	59.5	900
Fringe benefits	10	1.9	91
Pension installment	–	–	–
Short-term variable cash compensation			
STI 2023	–	–	301
STI 2024	201	38.6	–
Long-term stock-based cash compensation			
Aspire 3.0 2020 (Jan. 1, 2020 – Dec. 31, 2023)	–	–	157
Aspire 3.0 2021 (Jan. 1, 2021 – Dec. 31, 2024)	–	–	–
Total compensation awarded and due	**521**	**100.0**	**1,449**
Service cost/benefit expense (IFRS)	65		144
Total compensation	**586**		**1,593**

1.4.3 Compensation awarded and due to former Board of Management members

Werner Baumann and Sarena Lin stepped down from the Board of Management of Bayer AG by mutual agreement effective May 31, 2023, and August 31, 2023, respectively. In line with the Board of Management compensation system, standard market practice and the recommendations of the German Corporate Governance Code (especially G. 13), Werner Baumann and Sarena Lin were granted compensation for the remaining terms of their service contracts, as well as an indemnity payment due to their post-contractual noncompete agreements. The LTI entitlements already granted to them in the past are not paid out until the end of the respective four-year performance period. The payouts are based on the originally agreed conditions, and are not brought forward. As the work duties required for earning the LTI tranches were already performed in full in 2023, the LTI tranches already needed to be presented as awarded compensation in 2023 according to Section 162 of the German Stock Corporation Act (AktG).

C 1.4/8

Compensation Awarded and Due to Former Board of Management Members (Part I)

	Sarena Lin Stepped down: Aug. 31, 2023		Werner Baumann[1] Stepped down: May 31, 2023		Liam Condon Stepped down: Dec. 31, 2021	
	2024 (€ thousand)	2024 (%)	2024 (€ thousand)	2024 (%)	2024 (€ thousand)	2024 (%)
Long-term stock-based cash compensation[2]	–	–	–	–	(383)	100.0
Pension payments	–	–	–	–	–	–
Other compensation[3]	825	100.0	2,086	100.0	–	–
Total compensation awarded and due	**825**	**100.0**	**2,086**	**100.0**	**(383)**	**100.0**

C 1.4/9

Compensation Awarded and Due to Former Board of Management Members (Part II)

	Dr. Hartmut Klusik[4] Stepped down: Dec. 31, 2019		Kemal Malik Stepped down: Dec. 31, 2019		Johannes Dietsch[4] Stepped down: May 31, 2018	
	2024 (€ thousand)	2024 (%)	2024 (€ thousand)	2024 (%)	2024 (€ thousand)	2024 (%)
Long-term stock-based cash compensation[2]	–	–	(1,033)	100.0	–	–
Pension payments	79	100.0	–	–	203	100.0
Other compensation	–	–	–	–	–	–
Total compensation awarded and due	**79**	**100.0**	**(1,033)**	**100.0**	**203**	**100.0**

C 1.4/10

Compensation Awarded and Due to Former Board of Management Members (Part III)

	Dr. Marijn Dekkers Stepped down: April 30, 2016		Prof. Dr. Wolfgang Plischke[4] Stepped down: April 29, 2014	
	2024 (€ thousand)	2024 (%)	2024 (€ thousand)	2024 (%)
Long-term stock-based cash compensation	–	–	–	–
Pension payments	769	100.0	518	100.0
Other compensation	–	–	–	–
Total compensation awarded and due	**769**	**100.0**	**518**	**100.0**

[1] Under his termination agreement in 2023, Werner Baumann was granted the option of receiving his pension entitlements from Bayer AG or its subsidiaries as a one-time payment (excluding the entitlements existing with the Bayer-Pensionskasse pension fund). If he exercises this option, which is available until December 31, 2027, the pension entitlements will be settled with a one-time payment in the amount of the provisions established according to IFRS.

[2] The figure shown here is the difference between the fair value of the long-term stock-based cash compensation that was originally reported in the respective Compensation Report when the member stepped down from the Board of Management, and the actual payout amount in the year in which payment is made.

[3] "Other compensation" includes indemnity payments €825 thousand for Sarena Lin and €1,183 thousand for Werner Baumann, as well as an amount of €891 thousand for Werner Baumann relating to the prorated allocation of the 2024 Aspire tranche he was granted.

[4] Includes pension payments from Bayer-Pensionskasse VVaG

2. Compensation of the Supervisory Board

The Supervisory Board is compensated based on the relevant provisions of the Articles of Incorporation, which were last amended by the resolution adopted at the Annual Stockholders' Meeting on April 27, 2021. This system's four-year term is ending in 2025 and is being proposed for re-approval by shareholders at the 2025 Annual Stockholders' Meeting, with no changes proposed from the prior system.

2.1 Principles applied for Supervisory Board compensation

A company's Supervisory Board is tasked with advising and supervising the Board of Management, which directs the company and its business on its own responsibility. Pursuant to Section 113, Paragraph 1, Sentence 3 of the German Stock Corporation Act (AktG), the compensation of Supervisory Board members should bear a reasonable relation to their tasks and the company's situation. In setting Supervisory Board compensation, consideration should be given to the demands of the office of the Supervisory Board member, the time involved and the responsibility borne by the Supervisory Board members for the company. Appropriate Supervisory Board compensation ensures that a company will remain able to attract outstandingly qualified domestic and international candidates as Supervisory Board members. Supervisory Board compensation thus contributes sustainably to advancing a company's business strategy and to its long-term development.

2.2 Design of Supervisory Board compensation

The members of the Supervisory Board receive fixed annual compensation and additional compensation for chairing and membership of Supervisory Board committees, plus reimbursement of their expenses. In accordance with the recommendations of the German Corporate Governance Code, additional compensation is paid to the Chairman and Vice Chairwoman of the Supervisory Board, and for chairing and membership of committees. In addition, Supervisory Board members receive an attendance fee each time they take part in a meeting of the Supervisory Board or of a committee.

C 2.2/1

Design of Supervisory Board Compensation

Compensation element	

Fixed compensation	// Chairperson: €480,000
	// Vice Chairperson: €320,000
	// Ordinary member: €160,000

Compensation for committee duties	// Chairperson and Vice Chairperson of the Supervisory Board do not receive any additional compensation for membership or chairing of committees // Compensation for committee duties is paid for a maximum of three committees (highest-paying functions taken into account).
Audit Committee	// Chairperson: €120,000 // Member: €60,000
Presidial Committee	// Chairperson: €40,000 // Member: €20,000
Nomination Committee	// Chairperson: €40,000 // Member: €20,000
Other committees	// Chairperson: €60,000 // Member: €30,000
Attendance fees	// €1,500 (for each meeting attended in person, by phone or virtually)[1]

[1] If multiple meetings are held on one day, only one attendance fee is paid.

The members of the Supervisory Board have given a voluntary pledge that, in the first five years of their Supervisory Board membership, they will each purchase Bayer shares to the value of 25% of their pretax fixed compensation, including any additional compensation for committee duties, and hold these shares for as long as they remain members. This does not apply to members who, under a service or employment contract, are prevented from purchasing shares, or who transfer at least 85% of their fixed annual compensation and additional compensation to the Hans Böckler Foundation in accordance with the rules of the German Trade Union Confederation, or whose service or employment contract requires them to transfer such compensation to their employer. If less than 85% of the fixed compensation is transferred, the voluntary pledge applies to the portion not transferred. By voluntarily pledging to invest in and hold Bayer shares, the Supervisory Board members reinforce their interest in the company's long-term success. The tables below show the components of the compensation awarded and due to each Supervisory Board member as well as the relative shares of the respective components in overall compensation. Awarded compensation encompasses compensation for services that have been fully rendered once the fiscal year ends.

2.3 Compensation awarded and due

C 2.3/1

Compensation Awarded and Due (Part I)

	Fixed compensation			Compensation for committee duties		
	2024		2023	2024		2023
Serving Supervisory Board members as of Dec. 31, 2024	**€ thousand**	**%**	**€ thousand**	**€ thousand**	**%**	**€ thousand**
Dr. Paul Achleitner	160	69.3	160	50	21.6	50
Horst Baier	160	48.4	160	150	45.3	150
André van Broich	160	59.0	160	90	33.2	90
Ertharin Cousin	160	64.5	160	73	29.4	90
Yasmin Fahimi	160	79.2	160	30	14.9	30
Dr. Barbara Gansewendt	160	63.5	160	71	28.2	60
Colleen A. Goggins	160	70.5	160	50	22.0	50
Francesco Grioli	160	82.5	160	20	10.3	20
Heike Hausfeld (Vice Chairwoman)	320	92.2	320	–	0.0	–
Frank Löllgen	160	59.7	160	90	33.6	90
Marianne Maehl[1]	53	91.4	–	–	0.0	–
Kimberly Mathisen	160	79.6	160	27	13.4	–
Andrea Sacher	160	66.7	160	60	25.0	60
Claudia Schade	160	88.4	160	10	5.5	–
Lori Schechter[2]	109	58.0	–	67	35.6	–
Dr. Nancy Simonian[2]	109	82.0	–	16	12.0	–
Jeffrey Ubben[2]	109	63.8	–	50	29.2	–
Alberto Weisser	160	67.8	160	58	24.6	80
Michael Westmeier	160	76.9	160	33	15.9	–
Prof. Dr. Norbert Winkeljohann (Chairman)	480	94.1	480	–	0.0	–
Supervisory Board members who stepped down in 2023 and 2024						
Dr. Simone Bagel-Trah[3]	51	68.0	160	16	21.3	50
Dr. Norbert W. Bischofberger[3]	51	76.1	160	10	14.9	30
Heinz Georg Webers[4]	107	78.7	160	20	14.7	30
Prof. Dr. Otmar D. Wiestler[3]	51	67.1	160	19	25.0	60

C 2.3/2

Compensation Awarded and Due (Part II)

	Attendance fees			Total compensation	
	2024		2023	2024	2023
Serving Supervisory Board members as of Dec. 31, 2024	**€ thousand**	**%**	**€ thousand**	**€ thousand**	**€ thousand**
Dr. Paul Achleitner	21	9.1	15	231	225
Horst Baier	21	6.3	23	331	333
André van Broich	21	7.8	21	271	271
Ertharin Cousin	15	6.1	20	248	270
Yasmin Fahimi	12	5.9	12	202	202
Dr. Barbara Gansewendt	21	8.3	21	252	241
Colleen A. Goggins	17	7.5	15	227	225
Francesco Grioli	14	7.2	12	194	192
Heike Hausfeld (Vice Chairwoman)	27	7.8	26	347	346
Frank Löllgen	18	6.7	18	268	268
Marianne Maehl[1]	5	8.6	–	58	–
Kimberly Mathisen	14	7.0	9	201	169
Andrea Sacher	20	8.3	18	240	238
Claudia Schade	11	6.1	12	181	172
Lori Schechter[2]	12	6.4	–	188	–
Dr. Nancy Simonian[2]	8	6.0	–	133	–
Jeffrey Ubben[2]	12	7.0	–	171	–
Alberto Weisser	18	7.6	24	236	264
Michael Westmeier	15	7.2	12	208	172
Prof. Dr. Norbert Winkeljohann (Chairman)	30	5.9	29	510	509
Supervisory Board members who stepped down in 2023 and 2024					
Dr. Simone Bagel-Trah[3]	8	10.7	17	75	227
Dr. Norbert W. Bischofberger[3]	6	9.0	17	67	207
Heinz Georg Webers[4]	9	6.6	15	136	205
Prof. Dr. Ottmar D. Wiestler[3]	6	7.9	17	76	237

The individual figures in the table are rounded. Without rounding, fixed compensation totaled €3,681 thousand, compensation for committee duties totaled €1,012 thousand, attendance fees totaled €357 thousand, and total compensation amounted to €5,050 thousand overall.

[1] Member of the Supervisory Board since September 1, 2024

[2] Member of the Supervisory Board since April 26, 2024

[3] Member of the Supervisory Board until April 26, 2024

[4] Member of the Supervisory Board until August 31, 2024

No compensation was paid or benefits granted to members of the Supervisory Board for personally performed services such as consultancy or agency services. The company has purchased insurance for the members of the Supervisory Board to cover their personal liability arising from their service on the Supervisory Board.

3. Development of Financial Performance and Annual Change in Compensation – Comparative Overview

The table below provides an overview of the development of the compensation awarded and due to current and former members of the Board of Management and Supervisory Board, the development of the average compensation of the employees, and the development of selected financial performance indicators of the Bayer Group and Bayer AG over the past five years.

The former members of the Board of Management shown below include all members who stepped down in the last 10 years, while the Supervisory Board members include all members to whom compensation was awarded or due for 2024.

The compensation shown below for the employees, nonmanagerial employees and overall workforce in Germany includes the employees of Bayer AG, Leverkusen, Bayer Intellectual Property GmbH, Monheim am Rhein, and Pallas Versicherung Aktiengesellschaft, Leverkusen. The employees of Bayer Business Services (BBS) GmbH, Leverkusen, are accounted for within Bayer AG, Leverkusen.

C 3/1

Development of Compensation and Financial Performance – Comparative Overview

€ thousand	2020	2021	2022	2023	2024
Serving Board of Management members in 2024					
Bill Anderson (Chairman/CEO)	–	–	–	6,492	4,819
Wolfgang Nickl	1,315	2,996	2,908	1,290	2,106
Stefan Oelrich	2,129	3,644	2,584	1,254	2,163
Heike Prinz	–	–	–	550	2,134
Rodrigo Santos	–	–	2,836	1,396	2,055
Heiko Schipper (until April 30, 2024)	2,141	3,173	2,813	1,449	521
Julio Triana (from April 1, 2024)	–	–	–	–	1,466
Former Board of Management members					
Werner Baumann[2]	3,978	5,702	5,440	7,637	2,086
Liam Condon[1, 2]	2,104	8,249	–	155	(383)
Dr. Marijn Dekkers[1]	(742)	650	664	716	769
Johannes Dietsch[1]	(147)	(345)	12	120	203
Dr. Hartmut Klusik[1]	72	(292)	(136)	(625)	79
Michael König[1]	(232)	–	–	–	–
Sarena Lin[2]	–	3,709	3,259	5,501	825
Kemal Malik[1]	–	(363)	(223)	(711)	(1,033)
Erica Mann[1]	(49)	(282)	(131)	–	–
Prof. Dr. Wolfgang Plischke	436	439	448	484	518
Dieter Weinand[1]	(52)	(450)	(234)	–	–
Serving Supervisory Board members in 2024					
Dr. Paul Achleitner	199	237	242	225	231
Dr. Simone Bagel-Trah (until April 26, 2024)	133	174	224	227	75
Horst Baier	201	322	307	333	331
Dr. Norbert W. Bischofberger (until April 26, 2024)	166	192	210	207	67
André van Broich	200	247	274	271	271
Ertharin Cousin	133	182	274	270	248
Yasmin Fahimi	–	–	35	202	202
Dr. Barbara Gansewendt	–	–	165	241	252
Colleen A. Goggins	165	208	236	225	227
Francesco Grioli	–	–	132	192	194
Heike Hausfeld (Vice Chairwoman)	167	191	310	346	347

C 3/1 (continued)

Development of Compensation and Financial Performance – Comparative Overview

€ thousand	2020	2021	2022	2023	2024
Serving Supervisory Board members in 2024					
Frank Löllgen	200	246	271	268	268
Marianne Maehl (from Sept. 1, 2024)	–	–	–	–	58
Kimberly Mathisen	–	–	59	169	201
Andrea Sacher	41	160	234	238	240
Claudia Schade	–	–	119	172	181
Lori Schechter (from April 26, 2024)	–	–	–	–	188
Dr. Nancy Simonian (from April 26, 2024)	–	–	–	–	133
Jeffrey Ubben (from April 26, 2024)	–	–	–	–	171
Heinz Georg Webers (until Aug. 31, 2024)	–	–	141	205	136
Alberto Weisser	–	164	256	264	236
Michael Westmeier	–	–	119	172	208
Prof. Dr. Otmar D. Wiestler (until April 26, 2024)	166	213	240	237	76
Prof. Dr. Norbert Winkeljohann (Chairman)	367	473	510	509	510
Employees					
Average compensation for employees[3]	106	104	122	123	110
Financial performance					
EBITDA before special items (€ million) (Bayer Group)[4]	11,461	11,179	13,513	11,706	10,123
Core earnings per share (€)[5]	6.39	6.51	7.94	6.39	5.05
Net income/loss (Bayer AG)	(2,547)	4,110	4,764	5,150	7,328

[1] There is always a difference between the compensation awarded in previous years (due to a Board of Management member having fully performed their work duties up until their departure) and the actual payout effected years later under an LTI program. If the actual payout is lower than the awarded compensation shown for the previous years, it results in a negative amount being presented. If the payout is higher than the awarded compensation originally shown, it results in a positive amount being presented. Since the payout is only ever effected in the year after the four-year performance period ends, the above difference is not shown as awarded until the year of the payout in the case of departed Board of Management members. For serving Board of Management members, however, this takes place in the fourth year of the performance period. As such, pursuant to Section 162 of the German Stock Corporation Act (AktG), no awarded compensation is usually shown for former Board of Management members in the year after they step down.

[2] During the last year of service on the Board of Management, various agreements may potentially be reached under the respective termination agreements with respect to severance payments to cover compensation components already granted as well as indemnity payments. The severance payments comprise, for example, base compensation, STI and LTI and pension entitlements granted to them under their original Board of Management contract until its termination.

[3] For technical reasons, the average compensation paid to employees is presented on an FTE basis, while Board of Management compensation is not. The average compensation of managerial and nonmanagerial employees comprises base compensation (for nonmanagerial employees under collective bargaining agreements: annual salary plus any shift bonuses and allowances depending on the position; for other employee groups: annual functional income), the annual bonus paid out in the fiscal year (short-term incentive (STI) payout based on actual target attainment in prior year), and the four-year stock-based compensation paid out in the fiscal year (where the respective employee groups are eligible to participate). For nonmanagerial employees, the 13th monthly salary and the contractually agreed vacation bonus were taken into account. Fringe benefits taken into account comprised employer contributions to social insurance and, for eligible employee groups, the budget provided for a company car. Expenditures for other fringe benefits (such as home security equipment or indemnity payments for lapsed variable compensation components granted by former employers) were not taken into account due to their irregular nature.

[4] 2020–2023 as originally reported, forming basis for compensation

[5] Core earnings per share from continuing operations, 2020-2023 as originally reported, forming basis for compensation

Report of the Independent Auditor

To Bayer Aktiengesellschaft, Leverkusen/Germany

We have audited the accompanying compensation report of Bayer Aktiengesellschaft, Leverkusen/Germany, ("the Company") for the financial year from January 1 to December 31, 2024, including the related disclosures, which has been prepared to comply with Section 162 German Stock Corporation Act (AktG). We have not audited the content of the foreword by the chairman of the supervisory board, which goes beyond the scope of Section 162 AktG, nor the section "Overview of Compensation in 2024."

Responsibilities of the Executive Directors and of the Supervisory Board

The executive directors and the supervisory board of Bayer Aktiengesellschaft, Leverkusen/Germany, are responsible for the preparation of the compensation report, including the related disclosures, that complies with the requirements of Section 162 AktG. The executive directors and the supervisory board are also responsible for such internal control as they consider necessary to enable the preparation of a compensation report, including the related disclosures, that is free from material misstatement, whether due to fraud (i.e., fraudulent financial reporting and misappropriation of assets) or error.

Auditor's Responsibilities

Our responsibility is to express an opinion on this compensation report, including the related disclosures, based on our audit. We conducted our audit in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer (IDW). These standards require that we fulfill the professional responsibilities and that we plan and perform the audit so that we obtain reasonable assurance as to whether the compensation report, including the related disclosures, is free from material misstatement.

An audit involves performing audit procedures in order to obtain audit evidence for the amounts stated in the compensation report, including the related disclosures. The choice of the audit procedures is subject to the auditor's professional judgment. This includes assessing the risk of material misstatement, whether due to fraud or error, in the compensation report, including the related disclosures. In assessing this risk, the auditor considers the system of internal control, which is relevant to preparing the compensation report, including the related disclosures. Our objective is to plan and perform audit procedures that are appropriate in the circumstances, but not to express an audit opinion on the effectiveness of the Company's system of internal control. An audit also comprises an evaluation of the accounting policies used, the reasonableness of the accounting estimates made by the executive directors and the supervisory board, as well as an evaluation of the overall presentation of the compensation report, including the related disclosures.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Audit Opinion

In our opinion, on the basis of the knowledge obtained in the audit, the compensation report for the financial year from January 1 to December 31, 2024, including the related disclosures, complies, in all material respects, with the accounting principles of Section 162 AktG. Our audit opinion on the compensation report does not cover the content of the above-mentioned foreword by the chairman of the supervisory board, which goes beyond the scope of Section 162 AktG, nor the section "Overview of Compensation in 2024."

Other Matter – Formal Audit of the Compensation Report

The audit of the content of the compensation report described in this report comprises the formal audit of the compensation report required under Section 162 (3) AktG, including the issuance of a report on this audit. Since our audit opinion on the audit of the content of the compensation report is unmodified, this audit opinion includes that the disclosures required under Section 162 (1) and (2) AktG are contained, in all material respects, in the compensation report.

Other Information

The supervisory board is responsible for the other information. The other information comprises the foreword by the chairman of the supervisory board on the compensation report and the section "Overview of Compensation in 2024."

Our audit opinion on the compensation report does not cover the other information, and consequently we do not express an audit opinion or any other form of assurance conclusion thereon.

In connection with our audit, our responsibility is to read the other information identified above and, in doing so, to consider whether the other information

- is materially inconsistent with the compensation report or our knowledge obtained in the audit of the compensation report, or
- otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Intended Use of the Report

We issue this report as stipulated in the engagement letter agreed with the Company. The audit has been performed for the purposes of the Company and the report is solely intended to inform the Company about the result of the audit.

Liability

The report is not intended to be used by third parties as a basis for any (asset) decision. We are liable solely to Bayer Aktiengesellschaft, Leverkusen/Germany, and our liability is also governed by the engagement letter dated December 11 and 12, 2024 agreed with the Company as well as the "General Engagement Terms for Wirtschaftsprüferinnen, Wirtschaftsprüfer and Wirtschaftsprüfungsgesellschaften (German Public Auditors and Public Audit Firms)" promulgated by the Institut der Wirtschaftsprüfer (IDW) in the version dated January 1, 2024 (IDW-AAB). We do not accept or assume liability to third parties.

Munich/Germany, February 25, 2025

Deloitte GmbH
Wirtschaftsprüfungsgesellschaft

Signed:
Andreas Wermelt
Wirtschaftsprüfer
(German Public Auditor)

Signed:
Silvia Geberth
Wirtschaftsprüferin
(German Public Auditor)

D Further Information

Governance Bodies

Supervisory Board

Members of the Supervisory Board held office as members of the supervisory board or a comparable supervising body of the corporations listed below (as of December 31, 2024, unless otherwise indicated; in the case of Supervisory Board members who stepped down during the year, the information given is accurate as of the date of their departure):

Prof. Dr. Norbert Winkeljohann[1]
Osnabrück, Germany
(born November 5, 1957)

Chairman of the Supervisory Board effective April 2020

Member of the Supervisory Board effective May 2018

Independent management consultant

Memberships on other supervisory boards:

- Bohnenkamp AG (Chairman)
- Deutsche Bank AG[4] (Vice Chairman)
- Georgsmarienhütte Holding GmbH
- Sievert SE (Chairman)

Heike Hausfeld
Leverkusen, Germany
(born September 19, 1965)

Vice Chairwoman of the Supervisory Board effective April 2022

Member of the Supervisory Board effective April 2017

Chairwoman of the Bayer Central Works Council

Dr. Paul Achleitner
Munich, Germany
(born September 28, 1956)

Member of the Supervisory Board effective April 2002

Investor

Memberships in comparable supervising bodies of German or foreign corporations:

- Henkel AG & Co. KGaA[4] (Shareholders' Committee)

Dr. rer. nat. Simone Bagel-Trah
Düsseldorf, Germany
(born January 10, 1969)

Member of the Supervisory Board until April 2024

Chairwoman of the Supervisory Board of Henkel AG & Co. KGaA and Henkel Management AG and of the Shareholders' Committee of Henkel AG & Co. KGaA

Memberships on other supervisory boards:

- Henkel AG & Co. KGaA[4] (Chairwoman)
- Henkel Management AG (Chairwoman)
- Heraeus Holding GmbH

Memberships in comparable supervising bodies of German or foreign corporations:

- Henkel AG & Co. KGaA[4] (Shareholders' Committee, Chairwoman)

Horst Baier[2]
Hanover, Germany
(born October 20, 1956)

Member of the Supervisory Board effective April 2020

Independent consultant

Memberships in comparable supervising bodies of German or foreign corporations:

- DIAKOVERE gGmbH
- Ecclesia Holding GmbH
- Whitbread PLC[4] (Board of Directors)

Dr. Norbert W. Bischofberger
Hillsborough, USA
(born January 10, 1956)

Member of the Supervisory Board until April 2024

President and Chief Executive Officer of Kronos Bio, Inc.

Memberships in comparable supervising bodies of German or foreign corporations:

- Morphic Holding, Inc.[4] (Board of Directors)

André van Broich
Dormagen, Germany
(born June 19, 1970)

Member of the Supervisory Board effective April 2012

Chairman of the Bayer Group Works Council

Chairman of the Works Council of the Bayer Dormagen site (until October 2024)

Chairman of the Bayer European Forum (effective June 2024)

Ertharin Cousin
Chicago, USA
(born May 12, 1957)

Member of the Supervisory Board effective October 2019

Independent consultant

Memberships in comparable supervising bodies of German or foreign corporations:

- Allwyn North America, Inc. (Board of Directors)
- Mondelēz International, Inc.[4] (Board of Directors)

Nadine Dietz
(as of February 20, 2025)
Bergisch Gladbach, Germany
(born August 5, 1974)

Member of the Supervisory Board effective January 1, 2025

Chairwoman of the Bayer Group Executives' Committee

Vice Chairwoman of the Executives' Committee of Bayer AG Leverkusen/Monheim

Yasmin Fahimi
Hanover, Germany
(born December 25, 1967)

Member of the Supervisory Board effective October 2022

Chairwoman of the German Trade Union Confederation

Memberships on other supervisory boards:

- Telefónica Deutschland Holding AG[4]

Memberships in comparable supervising bodies of German or foreign corporations:

- Kreditanstalt für Wiederaufbau AöR (Board of Supervisory Directors)

Dr. Barbara Gansewendt
Essen, Germany
(born September 29, 1963)

Member of the Supervisory Board until December 2024

Chairwoman of the Bayer Group Executives' Committee

Chairwoman of the Executives' Committee of Bayer AG Wuppertal

Colleen A. Goggins
Princeton, USA
(born September 9, 1954)

Member of the Supervisory Board effective April 2017

Independent consultant

Memberships in comparable supervising bodies of German or foreign corporations:

- IQVIA Holdings, Inc.[4] (Board of Directors)
- The Toronto-Dominion Bank[4] (Board of Directors)
- TD Bank US Holding Company[5] (Board of Directors) (effective October 2024)
- TD Bank, N.A.[5] (Board of Directors) (effective October 2024)
- TD Bank USA, N.A.[5] (Board of Directors) (effective October 2024)

Francesco Grioli
Ronnenberg, Germany
(born April 22, 1972)

Member of the Supervisory Board effective April 2022

Member of the Executive Main Board of the German Mining, Chemical and Energy Industrial Union

Memberships on other supervisory boards:

- Continental AG[4]
- Gerresheimer AG[4] (Vice Chairman) (until November 2024)

Frank Löllgen
Cologne, Germany
(born June 14, 1961)

Member of the Supervisory Board effective November 2015

North Rhine District Secretary of the German Mining, Chemical and Energy Industrial Union

Memberships on other supervisory boards:

- Covestro AG[4]
- Covestro Deutschland AG

Marianne Maehl
Egelsbach, Germany
(born July 18, 1965)

Member of the Supervisory Board effective September 2024

Chairwoman of the Works Council of the Bayer Frankfurt am Main site

Kimberly Mathisen
Oslo, Norway
(born May 24, 1972)

Member of the Supervisory Board effective September 2022

Chief Executive Officer of HUB Ocean

Memberships in comparable supervising bodies of German or foreign corporations:

- Aker BioMarine ASA[4, 6] (Board of Directors)
- Aker Horizons ASA[4, 6] (Board of Directors)
- Aize AS[6] (Board of Directors)

Andrea Sacher
Berlin, Germany
(born May 8, 1981)

Member of the Supervisory Board effective September 2020

Chairwoman of the Works Council of the Bayer Berlin site

Vice Chairwoman of the Bayer Central Works Council

Claudia Schade
Leverkusen, Germany
(born December 20, 1978)

Member of the Supervisory Board effective April 2022

Chairwoman of the Works Council of the Bayer Leverkusen site

Lori Schechter
Dallas, USA
(born October 13, 1961)

Member of the Supervisory Board effective April 2024

Board and Enterprise Risk Advisor at McKesson Corporation (until June 2024)

Independent consultant (effective June 2024)

Dr. Nancy Simonian
Cambridge, USA
(born December 14, 1960)

Member of the Supervisory Board effective April 2024

Independent consultant

Memberships in comparable supervising bodies of German or foreign corporations:

- Alltrna, Inc. (Board of Directors)
- Generate Biomedicines, Inc. (Board of Directors) (effective June 2024)
- Syros Pharmaceuticals, Inc.[4] (Board of Directors)

Jeffrey Ubben
Healdsburg, USA
(born July 19, 1961)

Member of the Supervisory Board effective April 2024

Founder, Portfolio Manager and Managing Partner at Inclusive Capital Partners, L.P.

Memberships in comparable supervising bodies of German or foreign corporations:

- Aircela, Inc. (Board of Directors) (effective July 2024)
- Arcadia Power, Inc. (Board of Directors)
- Climate Vault Solutions, Inc. (Board of Directors)
- Exxon Mobil Corporation[4] (Board of Directors)

Heinz Georg Webers
Bergkamen, Germany
(born December 27, 1959)

Member of the Supervisory Board until August 2024

Chairman of the Works Council of the Bayer Bergkamen site

Alberto Weisser
Igrejinha, Portugal
(born June 26, 1955)

Member of the Supervisory Board effective April 2021

Senior Consultant at Temasek International Pte. Ltd.

Memberships in comparable supervising bodies of German or foreign corporations:

- Linde plc[4] (Board of Directors)
- PepsiCo, Inc.[4] (Board of Directors)

Michael Westmeier
Leverkusen, Germany
(born August 3, 1972)

Member of the Supervisory Board effective April 2022

Chairman of the Works Council of Bayer Vital GmbH

Vice Chairman of the Bayer Group Works Council

Memberships on other supervisory boards:

- Bayer Vital GmbH

Prof. Dr. med. Dr. h. c. mult. Otmar D. Wiestler
Berlin, Germany
(born November 6, 1956)

Member of the Supervisory Board until April 2024

President of the Hermann von Helmholtz Association of German Research Centers e. V.

Standing committees of the Supervisory Board of Bayer AG (as of December 31, 2024)

Mediation Committee/ Presidial Committee
Winkeljohann[1, 3] (Chairman), Achleitner[3], Gansewendt, Grioli[3], Hausfeld[3], Weisser

Audit Committee
Baier[2] (Chairman), Gansewendt, Hausfeld, Löllgen, Schechter, Ubben, Westmeier, Winkeljohann[1]

Human Resources and Compensation Committee
Winkeljohann[1] (Chairman), Baier[2], Hausfeld, Sacher, Simonian, van Broich

Nomination Committee
Winkeljohann[1] (Chairman), Goggins, Mathisen, Weisser

Legal Risk Committee
Schechter (Chairwoman), Achleitner, Hausfeld, Löllgen, Sacher, Ubben, van Broich, Winkeljohann[1]

ESG Committee
Cousin (Chairwoman), Fahimi, Goggins, Hausfeld, Mathisen, Schade, van Broich, Winkeljohann[1]

[1] Expert member in the field of auditing pursuant to Section 100, Paragraph 5 of the German Stock Corporation Act (AktG)

[2] Expert member in the field of accounting pursuant to Section 100, Paragraph 5 of the German Stock Corporation Act (AktG)

[3] Members of the Mediation Committee

[4] Listed company

[5] Toronto-Dominion Bank group

[6] Aker group

Board of Management

Members of the Board of Management held office as members of the supervisory board or a comparable supervising body of the corporations listed below (as of December 31, 2024, unless otherwise indicated; in the case of Board of Management members who stepped down during the year, the information given is accurate as of the date of their departure):

William N. (Bill) Anderson
(born August 23, 1966)

Member of the Board of Management effective April 1, 2023, appointed until March 31, 2026

Chairman of the Board of Management (CEO)

Wolfgang Nickl
(born May 9, 1969)

Member of the Board of Management effective April 26, 2018, appointed until May 31, 2026

Finance

Stefan Oelrich
(as of March 4, 2025)
(born June 1, 1968)

Member of the Board of Management effective November 1, 2018, appointed until October 31, 2029

Pharmaceuticals

Heike Prinz
(born September 24, 1964)

Member of the Board of Management effective September 1, 2023, appointed until August 31, 2026

Talent

Labor Director

Rodrigo Santos
(born May 28, 1973)

Member of the Board of Management effective January 1, 2022, appointed until December 31, 2028

Crop Science

Julio Triana
(born September 21, 1965)

Member of the Board of Management effective April 1, 2024, appointed until March 31, 2027

Consumer Health

Heiko Schipper
(born August 21, 1969)

Member of the Board of Management until April 30, 2024

Consumer Health

- Royal FrieslandCampina N.V.

Financial Calendar

Annual Stockholders' Meeting 2025	*April 25, 2025*
Planned dividend payment day	*April 30, 2025*
Q1 2025 Quarterly Statement	*May 13, 2025*
2025 Half-Year Report	*August 6, 2025*
Q3 2025 Quarterly Statement	*November 12, 2025*
2025 Annual Report	*February 25, 2026*
Annual Stockholders' Meeting 2026	*April 24, 2026*

Masthead

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Editor
Danielle Staudt-Gersdorf, phone +49 214 3046309
Email: danielle.staudt-gersdorf@bayer.com

Investor Relations
Denise Jahn, phone +49 214 3072704
Email: ir@bayer.com

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ESG External Engagement
Sebastian Leins
Email: sebastian.leins@bayer.com

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Forward-Looking Statements
This Annual Report 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.


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