



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

March 2023

Dear Stockholders,

Introduction

On behalf of the Supervisory Board, I would like to thank you, our stockholders, for your continued support and investment in Bayer. 2022 was filled with unprecedented events, the war in Ukraine, shortages of energy and food, persisting problems of disrupted supply chains, rising global inflation, and continued implications from the COVID-19 pandemic. I am pleased that despite the overall macroeconomic uncertainty and geopolitical challenges, we were able to further build on the foundation that was created by our Board of Management and had an outstanding year, both from an operational and strategic perspective. As we continue to navigate these uncertain times, I'm proud of the dedication and solidarity shown by our employees.

In advance of our upcoming Annual Stockholders' Meeting on April 28, 2023, I would like to highlight some of the important results of the Supervisory Board's work.

CEO Succession

In consideration of the end of the contract for our CEO, Werner Baumann in 2024, the Supervisory Board has been focused on succession planning and conducted a thorough search process which was further intensified in 2022, to find the best CEO to lead Bayer into its next chapter against the background of a disruptive innovation cycle in biology, chemistry, and artificial intelligence. In February 2023, we appointed Bill Anderson as the next CEO of Bayer, effective June 1, 2023; prior to this, he will join the Board of Management on April 1, 2023. Bill was unanimously elected by the stockholder and employee representatives of the Supervisory Board. Bill and Werner will be working together closely over the coming months to ensure a smooth transition.

Bill has held various leadership positions in the life sciences industry over the past 25 years. Most recently, he served as CEO of Roche's pharmaceuticals business, where he successfully led a comprehensive transformation program, which resulted in many successful new product launches, significant revenue growth, and greater productivity across the organization.



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We are excited to welcome Bill and completely support him in fulfilling his mission of enabling Bayer to realize its full potential and create sustainable value for our stockholders, farmers, patients, consumers, employees, and all stakeholders of the company.

The Supervisory Board sincerely thanks Werner for his 35 years of dedicated service to Bayer, including seven as CEO. Today, Bayer is a leading life science company with outstanding innovation capabilities in health and nutrition, well positioned in highly attractive growth markets. The recent successful operational performance is clear proof that Bayer stands on a very strong foundation. We wish Werner all the best for his future endeavors.

Stockholder Engagement

Engaging in an active dialogue with our stockholders, hearing their feedback, and taking responsive action is a high priority for the Supervisory Board, and it is particularly important to me in my role as chairman.

In response to the stockholder concerns voiced at last year's Annual Meeting, we expanded our existing stockholder engagement program to include a separate remuneration-focused roadshow in the fall. The feedback we received has informed our compensation decisions, improvements to our internal processes and enhanced transparency. Full details on our action plan are included in our Compensation Report. We followed this with our normal-course corporate governance roadshow at the beginning of this year. As Chairman, I led both roadshows. These additional touchpoints, during the current annual engagement cycle, allowed us to engage with stockholders representing over 40% of our outstanding stock, in addition to our regular investor relations led engagements.

Other topics of our engagements with stockholders included:

- Strong business performance – we exceeded revenue and earnings guidance, against a backdrop of unexpected macroeconomic challenges
- Progress on the glyphosate litigation – we shared our conviction that our Five-point plan will bring closure to future risk from U.S. glyphosate litigation, which has been supported by our six consecutive wins in court
- Deliberate ongoing board refreshment – we discussed the mix of skills and experiences needed to help drive Bayer into a successful future, including the recent addition of Kimberly Mathisen
- Sustainability – remains a topic of discussion, which we view as an essential component in our corporate strategy



As we committed to in 2022, we discussed with stockholders the consideration of individual discharge of the members of the Supervisory and Management Boards. The overwhelming majority of stockholders understand our approach to continue the group discharge, as this remains the dominant market practice.

MAY – AUGUST 2022

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

MARCH – APRIL 2023

Publish Accomplishments Package; Notify and offer engagement with stockholders and proxy advisors; Hold 2023 Annual Stockholders' Meeting



SEPTEMBER – DECEMBER 2022

Supervisory Board led Remuneration roadshow; Feedback to primarily inform compensation related updates; Develop responsive actions based on Remuneration roadshow

JANUARY – FEBRUARY 2023

Conduct Corporate Governance roadshow prior to Annual Stockholders' Meeting; Announce new CEO; Publish Annual, Compensation, and Sustainability Reports

Business Strategy and Performance

The Supervisory Board, in its oversight and advisory capacity of the Board of Management, 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 of the business strategy.

As a leading life science company, Bayer is uniquely positioned at the intersection of health and nutrition with highly attractive long-term growth prospects, earnings and cash flow potential. Our strategy is to successfully build and operate leading businesses in our core areas of expertise within health and nutrition, aligned with longer-term societal megatrends, and to conduct operations in a manner that is respectful to our planet.

Against the broader macroeconomic and geopolitical backdrop, Bayer continued to execute against previously set financial targets, as our business model proved highly resilient. We demonstrated an ability to deliver answers to the world's most pressing challenges around nutrition and health care despite secular headwinds pressuring us and our customers worldwide. Our vision "Health for all, hunger for none" has never been more important than in times like these.

We upgraded our full-year financial targets in August following better than expected performance through the first half, and delivered on the higher expectations. We substantially increased our topline, adjusted for currency and portfolio effects, by 9% despite a difficult year-over-year comparable. In 2023, we expect softer pricing on glyphosate and in our mature pharma portfolio. This should be partially offset by growth in our new products and both volume and pricing gains in other areas of our business.



Our businesses are well positioned to address the megatrends that are putting pressure on people and the environment over the next 30 years. These include an aging, rapidly growing population, and further pressure on ecosystems. These issues are driving critical societal needs that necessitate innovative scientific solutions. Bayer's businesses are built to support the tailwinds of these megatrends and drive innovation to propel long-term profitable growth to maximize value for stockholders, farmers, patients, consumers, employees, and all stakeholders of the company.

Supervisory Board Composition

One new stockholder representative, Kimberly Mathisen was appointed to the Supervisory Board effective August 31, 2022, following Dr. Fei-Fei Li's decision to step down due to medical reasons. We thank Dr. Fei-Fei Li for her service and welcome Kimberly Mathisen to the Supervisory Board. Ms. Mathisen's appointment took into account investor feedback to expand the skillset and geographical presence in alignment with Bayer's operational and strategic needs.

At the 2023 Annual Stockholders' Meeting, the Supervisory Board has proposed for election two stockholder representatives for four-year terms; Kimberly Mathisen and myself:

1. Kimberly Mathisen has been a member of the Supervisory Board since 2022. She brings more than 20 years of international experience in the fields of digitalization, technology, branded consumer goods, and the pharmaceuticals industry. She is currently the CEO of HUB Ocean, an independent non-profit foundation that is a joint initiative of the Aker Group and the World Economic Forum with a global ocean mandate. She is also a non-executive Board member of Aker BioMarine ASA and Aize AS. She was previously the General Manager of Microsoft in Norway, CEO of the Home & Personal Care Division of the Norwegian branded consumer goods company Orkla and held a variety of positions with growing responsibility at Eli Lilly in the UK, Norway, and Germany.
2. Since 2018 I have been a member of the Supervisory Board and was appointed as Chairman of the Supervisory Board in 2020. Since then, I have taken actions to support the Board of Management in working towards Bayer's long-term targets and navigating emerging challenges, as well as building confidence in the oversight role of the Board. Measures have included providing guidance to navigate the unprecedented effects of the pandemic, supply chain challenges, and the war in Ukraine, managing the glyphosate litigation, leading robust refreshment of both the Supervisory Board and the Board of Management, and enhancing Bayer's dialogue with stockholders and following through with responsive actions.



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In 2022, the employee representatives were also elected and we welcomed Dr. Barbara Gansewendt, Francesco Grioli, Claudia Schade, Heinz Georg Webers and Michael Westmeier at the 2022 Annual Stockholders' Meeting. Furthermore, Reiner Hoffmann stepped down from the Supervisory Board effective September 26, 2022. He was succeeded by Yasmin Fahimi, Chairwoman of the German Trade Union Confederation (DGB).

As the Supervisory Board considers new members, it prioritizes diverse representation so that the collective oversight is informed by different perspectives. The Supervisory Board stockholder representatives are balanced in age between 50-68, 40% female, 60% are citizens of a country other than Germany and numerous members have many years of international business experience.

Board of Management Compensation

The compensation system for the Board of Management is aligned with the long-term development of Bayer, designed to closely align with our strategy, and directly links the compensation of our executives to our Company's performance. The system was approved by 94% of our investors at the 2020 Annual Stockholders' Meeting. The 2021 Compensation Report, on the other hand, received only 24% support at the 2022 Annual Stockholders' Meeting and was thus rejected. Bayer's Supervisory Board took responsive actions based on a detailed review and analysis of feedback gathered from extensive discussions with our stockholders.

In response to the feedback we received, Bayer took numerous steps to improve our compensation practices and transparency. In 2022, as a result of feedback received, we reduced the individual performance factor of the CEO by 14 percentage points (to 95% of target). Furthermore, we also adjusted our compensation timing and targets to ensure they are aligned with the targets and timing we set for our capital markets guidance. Additionally, we expanded disclosure on the rigor of our targets and the factors considered. We defined and disclosed a framework for our metric adjustments to ensure alignment between Board of Management payouts and the stockholder experience. In addition, we expanded the tasks of the newly re-named Human Resources and Compensation Committee, adding two new members (the Deputy Chairwoman of the Supervisory Board and the Chairman of the Audit Committee) and increasing the interaction with other committees such as the Audit Committee and the ESG Committee.

Our STI results this year reflected very strong performance in Crop Science and Consumer Health, with a more challenging environment in Pharmaceuticals. As a whole, our core EPS exceeded target by a significant margin. Free cash flow, while in line



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with guidance, missed our stretched target. While individual performance by our Board of Management members was strong against our key objectives, the Supervisory Board acted to reduce our CEO's individual performance factor by 14 percentage points, in response to the feedback we received in our engagements with stockholders. Ultimately, that led to CEO attainment for STI of 117% and Board of Management's average attainment of 129.5% overall, a significant reduction when compared to 175.5% in 2021.

Bayer's stock performed well on a relative and absolute basis in 2022. However, overall underperformance over our LTI's three-year performance period meant that payout achieved was only 62% of the value of the original allocation, an increase compared to 32% in 2021, but below target.

When considered in tandem with our STI payout, the average direct compensation awarded to the Board of Management in 2022 amounted to 87% of direct compensation, compared with 92% in 2021.

Our stockholders indicated in our engagements that any changes to our overall compensation system, such as metric selection and payout curve design, should be considered as scheduled at our 2024 Annual Stockholders' Meeting given the pending CEO transition. In preparation, we plan to conduct further outreach with our stockholders to seek feedback for the upcoming system, which will be aligned with our new leadership and go-forward strategy.

Sustainability

Sustainability is an essential component of our corporate strategy, our business activities, our corporate values and the way in which we operate our business. To strengthen the oversight of the execution of our sustainability strategy, the Supervisory Board established an ESG Committee in the beginning of 2022. This Committee oversees and advises the Board of Management on integrating sustainability into the business strategy and corporate governance, as well as on sustainability-related opportunities and risks. This committee is in addition to the existing external 9-member Sustainability Council which provides the Board of Management with guidance and feedback in all sustainability matters as Bayer aims to achieve ambitious sustainability targets by 2030, focusing on the environment, women, smallholder farmers, and people in underserved regions. The Council was recently refreshed with 3 new members, whose appointments were announced in February 2023. Furthermore, in October 2022, the Board of Management introduced the position of Human Rights Officer, who oversees the risk management with regards to human rights and reports directly to the Board of Management.



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Bayer describes its sustainability strategy and ambitious 2030 and 2050 social and ecological targets in its most recent Sustainability Report. In 2022, Bayer achieved significant progress against these targets:

- By 2030, we are committed to empowering 100 million smallholder farmers in developing regions. Thus far, we have supported 52 million smallholder farmers in low- and middle-income countries (LMICs) by improving their access to agricultural products and services, four million more than in the previous year.
- As a leading global pharmaceutical producer of contraceptives, we aim to give 100 million women in LMICs access to modern contraception by 2030. In 2022, we have supported 44 million women in LMICs through global aid and partnership programs.
- In 2022, we reduced our total greenhouse gas emissions (Scope 1, 2 and 3) compared to the reference year 2019 by around 1.1 million tons, while our business has grown significantly over the same period. Regarding the reduction in our own emissions (Scope 1 and 2) we have already exceeded our targets, achieving a decline of 19.5% since 2019.

Our social and ecological targets for 2030 and 2050 are aligned to the United Nations Sustainable Development Goals and are in line with the requirements of the Paris Climate Agreement. Furthermore, our climate goals have been confirmed by the independent Science Based Targets initiative (SBTi).

Conclusion

Thank you for considering our 2022 accomplishments. The Supervisory Board believes our strategic actions and responsiveness across the many areas discussed above further solidify the strong foundation we have created and position us to continue our strong performance.

Due to the COVID-19 pandemic, we held our Annual Stockholders' Meetings virtually in recent years on the basis of a special pandemic provision released by the German legislator. However, Bayer plans to continue to be able to conduct a virtual Annual Stockholders' Meeting going forward, as pandemic preparedness has been improved and codified. This virtual opportunity will remain in place for two years to give stockholders the opportunity to determine whether the provision has proved successful. Holding the Annual Stockholders' Meeting virtually under the new rules corresponds to those of the classic general meeting in terms of shareholder rights and enables active participation by more shareholders, such as international investors.

This can reduce CO₂ emissions and lower event costs.



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We value your constructive feedback and support, which allow us to continue our success into the future. Together we will work towards our corporate purpose: Bayer – Science for a better life.

Leverkusen, March 2023
For the Supervisory Board:

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

Norbert Winkeljohann
Chairman