



Bayer AG
51368 Leverkusen
Deutschland
Tel. +49 214 30-1
www.bayer.com

**Annual Stockholders' Meeting
April 26, 2024**

**Explanations concerning Agenda Item 8
and Agenda Item 7**

Wolfgang Nickl,

Member of the Board of Management of Bayer AG

(Please check against delivery)

Ladies and gentlemen,

Under **Agenda Item 8 of today's Meeting**, the Board of Management and Supervisory Board propose that the **Control and Profit and Loss Transfer Agreement** between Bayer AG and Bayer CropScience AG ("BCS AG") be approved. The German Stock Corporation Act stipulates that the Board of Management must orally explain the Control and Profit and Loss Transfer Agreement to the Annual Stockholders' Meeting.

A Control Agreement currently exists between Bayer AG and BCS AG. This agreement serves to create a consolidated tax group for value added tax purposes between the two companies. The consolidated tax group for value added tax purposes is associated with considerably simplified administrative and legal processes.

On February 22, 2024, a profit and loss transfer component was added to the existing Control Agreement and it was revised as a whole to form the Control and Profit and Loss Transfer Agreement. The consolidated tax group for value added tax purposes is thereby supplemented by a consolidated tax group for income tax purposes.

In accordance with the terms of the Control and Profit and Loss Transfer Agreement, in a stipulation that is unchanged from the existing Control Agreement, BCS AG places the management of its company under the control of Bayer AG, which is entitled to issue instructions to the Board of Management of BCS. Likewise unchanged, Bayer AG will absorb any losses incurred by BCS AG in accordance with the terms of the German Stock Corporation Act. A profit transfer has been added as § 2 of the Agreement, which states that BCS AG undertakes to transfer its entire profit to Bayer AG in accordance with the provisions of the German Stock Corporation Act and the German Commercial Code.

To take effect, the Control and Profit and Loss Transfer Agreement must be approved by the Annual Stockholders' Meetings of Bayer AG and BCS AG and must be entered into the Commercial Register of BCS AG. Approval was granted by the Annual Stockholders' Meeting of BCS AG on February 28, 2024.

The Control and Profit and Loss Transfer Agreement replaces the existing Control Agreement, with the exception of the right to issue instructions, retroactively for the period from the start of fiscal 2024. It will initially apply for a minimum period of five years after taking effect. The right to terminate the Agreement for good cause will in particular apply if there is a significant change to the ownership structure and/or in the event of a merger, split-off or liquidation of one of the parties.

The Control and Profit and Loss Transfer Agreement – in common with the existing Control Agreement – does not provide for any compensation payments or any settlement payment for non-controlling interest shareholders because Bayer AG is the sole stockholder of BCS AG.

In addition to representing a considerable administrative and legal simplification, the Control and Profit and Loss Transfer Agreement also enables the tax-optimized recognition of the profits and losses of BCS in the context of a consolidated tax group for corporate income tax and trade tax purposes. Bayer AG and BCS AG can consolidate taxes, enabling profits and losses to be offset against each other for tax purposes. This means that only BAYER AG is liable for corporate income tax and trade tax. Regarding the details and respective arrangements at BCS AG, I refer you to the wording of the Control and Profit and Loss Transfer Agreement and the explanations in the Joint Report of the Board of Management of Bayer AG and the Board of Management of BCS AG. Both documents have been available for perusal on the Annual Stockholders' Meeting website since the publication of the Notice convening today's Annual Stockholders' Meeting. You can also find the annual financial statements of both companies for the last three fiscal years and the combined management reports of Bayer AG and the Bayer Group for the last three fiscal years there.

Let me now stress another aspect relating to **Item 7 on today's agenda**, the authorization to **acquire and use own shares**. Under this Agenda Item, the Board of Management and the Supervisory Board propose that the Board of Management be authorized to acquire own shares up to a total of 10 percent of the capital stock until April 25, 2029. The acquired shares shall also be able to be used with disapplication of

subscription and other tender rights. In addition, the Board of Management shall also be authorized to use put or call options to acquire own shares up to a maximum of 5 percent of the capital stock. I would like to stress that this authorization is only an anticipatory resolution. The Board of Management is not currently planning to use this authorization for any purpose other than for employee share programs. Specifically, we are not currently planning any large-scale share buybacks. Regarding further details concerning Agenda Item 7, I refer you to the proposed resolutions and the written report by the Board of Management. These can be accessed on the Company's Annual Stockholders' Meeting website.

Thank you for your attention!

This translation is provided for convenience only.

The German version is the sole legally binding version.

Forward-Looking Statements

These explanations 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.