

Human Resources and Compensation Committee: The Human Resources and Compensation Committee has parity of representation between stockholders and employees. At the beginning of the year, it consisted of the Chairman of the Supervisory Board and three other Supervisory Board members. In December, the Supervisory Board expanded this committee to six members while maintaining parity of representation and changed its name to the Human Resources and Compensation Committee (previously: Human Resources Committee). In December, the Vice Chairwoman of the Supervisory Board and the Chairman of the Audit Committee were elected as additional members of this committee. The Human Resources and Compensation Committee 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 regularly attended the meetings of the Human Resources and Compensation Committee where the matters discussed did not relate to him personally (including the succession planning for the CEO position).

The Human Resources and Compensation Committee convened for four meetings. In each case, the meetings involved deliberations and the adoption of resolutions relating to the compensation of the Board of Management and the service contracts of Board of Management members, as well as compensation reporting. The Human Resources and Compensation Committee also dealt in depth with the succession planning for the CEO position and the conclusions drawn from the Compensation Report having been rejected by the Annual Stockholders' Meeting, the target-setting and performance evaluation processes, and the Board of Management compensation system.

Nominations 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 Nominations Committee convened twice in 2022. At a meeting in January, it resolved – without the members in question voting on the resolution – to recommend to the Supervisory Board that Dr. Paul Achleitner, Dr. Norbert Bischofberger, and Colleen A. Goggins be proposed to the Annual Stockholders' Meeting for reelection to the Supervisory Board. At a meeting in August, the committee resolved to recommend to the competent court that Kimberly Mathisen be appointed to succeed Dr. Fei-Fei Li, who stepped down from the Supervisory Board for medical reasons.

Innovation Committee: The Innovation Committee is 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 advises and oversees management and prepares any Supervisory Board decisions to be made. The Committee comprises the Chairman of the Supervisory Board and seven other members of the Supervisory Board, with parity of representation between stockholder and employee representatives. The meetings of the Innovation Committee are regularly attended by the Chairman of the Board of Management, as well as by further members of the Board of Management depending on the topics for discussion.

The Innovation Committee convened twice in 2022.

1. At its meeting in February, it dealt with the outlook for research, development and innovation in the Pharmaceuticals Division.
2. At its meeting in May, the Innovation Committee dealt with transformative RNA-based strategies and discussed their significance for the individual divisions and for Leaps by Bayer.

ESG Committee: Established at the beginning of 2022, 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 the management and prepares any Supervisory Board decisions to be made.

The ESG Committee convened twice in 2022:

1. At its first meeting in February, the committee initially dealt with how it would go about its duties in the future. It then discussed Bayer's sustainability performance in 2021, as well as ESG benchmarks and controversies, and looked ahead to the ESG priorities for 2022.
2. At its meeting in August, the committee discussed the Bayer Sustainability Council's focal topics for 2022 with the Co-Chairs of that body. The committee discussed the status of the sustainability targets, benchmarks and strategies, and dealt in depth with Bayer's contribution to climate protection.

In June, the Supervisory Board conducted a training session focused on digitalization and its impact on Bayer. This was the first of a three-part series of training sessions dealing with these issues.

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 and resolved to amend its rules of procedure. During Supervisory Board meetings, the Chairman of the Supervisory Board also summarized the dialogue he had engaged in with investors during investor discussions in September and October concerning Board of Management compensation and compensation reporting, as well as during a number of individual conversations.

Disclosure of meeting participation on an individual basis

The members' attendance rate in the meetings of the full Supervisory Board and the committees was 92%. This was largely attributable to the long-term illness of one member of the Supervisory Board. The attendance rate of the other Supervisory Board members was just under 95%.

In view of the special circumstances relating to the COVID-19 pandemic and as part of an endeavor to hold the meetings in more contemporary and sustainable formats, the meetings in 2022 took place not only as in-person meetings, but also as virtual meetings via video-conferencing or as in-person meetings with the option of participation in virtual form (hybrid meetings). None of the meetings took place as a telephone conference call. The participation of the individual Supervisory Board members in the meetings of the Supervisory Board and its committees is shown below:

. All major projects relating to tangible and intangible assets were analyzed to ascertain their
. taxonomy eligibility and classified in accordance with the activities of the EU taxonomy. The
. taxonomy-eligible capital expenditure was then reviewed using technical screening criteria for
. each activity to determine its taxonomy alignment. The detailed analyses were conducted by
. the departments of the respective business units to ensure correct allocation.
. .

. Our relevant economic activities in 2022 can contribute to both climate change mitigation and
. climate change adaptation. To avoid double counting within an indicator, taxonomy alignment
. was reviewed under the environmental objective climate change mitigation.
. .

. We examined 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 assessed the
. respective criteria at various levels. The criteria for climate change adaptation were assessed at
. site level, while the in some cases highly granular requirements for the other environmental
. objectives were examined at the individual asset level.
. .

. Compliance with the minimum safeguards was examined at Group level, taking into account
. existing corporate policies and risk management processes with respect to human rights,
. compliance, anticorruption and other aspects.
. .

. Following detailed analysis, we classified the noncapitalizable expenditure within the capital
. expenditure projects as immaterial.

- // Innovation
- // Access to healthcare
- // Sustainable food supply
- // Product stewardship
- // Climate and environmental protection
- // Business ethics

As part of our stakeholder engagement process, which is underpinned by a dedicated guideline, we approach key social and political players and seek dialogue from the outset in strategic decision-making processes regarding new projects such as investment projects and launches of new products.

Respect for human rights

Observing human rights is fundamental to the way we operate. We have documented our stance in a globally binding corporate policy entitled the Bayer Human Rights Policy. We further developed our corresponding strategy in 2022 and are currently updating our human rights policy. Human rights due diligence is a continuous process that we constantly adapt and improve. To specifically ensure respect for human rights in the value chain, we employ a due diligence approach based on the UN Guiding Principles on Business and Human Rights 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. Corporate policies, processes, and management and monitoring systems are in place to govern the implementation of human rights standards.

We offer special training programs to continuously enhance employees' awareness of the importance of human rights in their day-to-day activities. We launched a specific human rights training program in English in 2021, and added an additional eight languages in 2022. We also demand that our business partners, particularly our suppliers, fully observe human rights.

We are a founding member of the UN Global Compact and respect the Universal Declaration of Human Rights, the UN International Covenants on Civil and Political Rights and on Economic, Social and Cultural Rights, the UNGPs and a range of globally recognized declarations applicable to multinational corporations, including the OECD Guidelines for Multinational Enterprises, the Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy, and the core labor standards of the International Labour Organization (ILO).

As part of our risk management process, we conduct a risk analysis of the potentially adverse consequences of our operating activities for human rights. See the Opportunity and Risk Report for the risk status identified for this area in 2022. We did not identify any potentially negative effects that were reportable under the CSR Directive Implementation Act.

Donations and foundations

Together with our network of leading partners, such as the Bayer foundations and other non-profits, we support social impact projects in the areas of health, nutrition, science and environment, and community engagement. Responding to disasters by providing humanitarian aid also plays a crucial role in our social commitment. Through our disaster relief programs, we support communities affected by natural disasters and public health crises.

In 2022, we provided around €37 million in charitable donations and social impact programs worldwide. In addition to the financial contributions, products costing around €16 million were donated to organizations in countries and communities in need. 66% of our contributions (cash and products) went to low- and middle-income countries. In 2022, we conducted more than 400 social projects worldwide with partner organizations, including the Bayer foundations (Bayer Cares Foundation, Bayer Science & Education Foundation, Bayer Fund (US) and Bayer Foundation India), which generate an important impact for society in line with our vision and

corporate purpose. Our donation activities in 2022 were mainly focused on humanitarian support in Ukraine and eastern European countries, as well as on our commitment to water access and the promotion of social innovations in agriculture.

The contributions we make to support social causes – in the form of monetary, product or other in-kind donations – are governed by our global “Corporate Charitable Giving Procedure,” which was revised in late 2020. It establishes clear criteria for recipient eligibility and project selection, and also sets forth the strategy we follow to generate long-term impact for society in line with our sustainability goals. Our charitable donations are recorded and approved centrally, which provides a transparent overview of our contributions to supporting social causes around the world.

1.2.3 Management Systems

Planning and steering

Economic planning and steering are conducted in line with the frameworks that are set for the Group and the divisions by the Board of Management in the course of the strategic planning process, and are translated into specific targets during operational planning. 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 are 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. The 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 also forms part of our long-term stock-based cash compensation (LTI).

Total shareholder return

We aim to create shareholder value and thus deliver attractive returns for our stockholders. Total shareholder return, which is determined based on the change in the share price over the measurement period plus any dividends paid in the interim, also forms part of our long-term stock-based cash compensation (LTI).

Sustainability

We aim to improve people's lives through our products. At the same time, we also endeavor to reduce our ecological footprint. We regulate 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 (see A 1.2.1/2). Our sustainability KPIs are also reflected in our long-term stock-based cash compensation (LTI) program.

Integrated management system

We maintain a Group-wide integrated management system (IMS), which is detailed in a corporate policy. The IMS provides a framework for all management systems at Bayer, ensuring compliance with the law and with internal and external requirements while also ensuring efficient ways of working. This is achieved through internal regulations and applicable processes involving clear roles and responsibilities. The IMS therefore plays a key role in safeguarding our company's license to operate.

1.3 Focus on Innovation

Our new solutions generate added value for our customers and society. Our activities focus on innovative products based on our research and development (R&D) competencies supplemented with new approaches in our process, service and business models. We also focus on 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, which employ roughly 16,200 Bayer employees. In 2022, our research and development spend before special items amounted to €6,168 million (2021: €5,326 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 step with our vision "Health for all, hunger for none."

We are increasingly employing data science methods in the R&D projects of our three divisions, strategically coordinated by the cross-divisional Digital Transformation Board (DTB).

In the Asia/Pacific region, we expanded our range of Redoxon™ supplements in our Nutritionals category with the launch of Redoxon™ Immunity+ product to strengthen the immune system and bone development for adults and children. We also expanded our Elevit™ range in China, with the launch of an infant line containing calcium and vitamin D. In India, we extended our Supradyn™ portfolio in the Nutritionals category with the launch of Supradyn™ Immuno+ in a film-coated tablet format.

In the United States, we launched Astepro™ as an OTC product, following the FDA's approval of the switch from Rx status in 2021. Astepro™ relieves nasal congestion, sneezing and a runny or itchy nose due to hay fever or other upper respiratory allergies. It is the first and only steroid-free antihistamine nasal spray on the US market that is available over-the-counter for adults and children aged six and above that works in 30 minutes and lasts 24 hours.

1.4 Commitment to Employees

Bayer's business success is essentially built on the knowledge and commitment of our workforce. As an employer, we offer our employees attractive conditions and wide-ranging individual development opportunities. Alongside professional training, we focus on promoting a dialogue- and feedback-oriented culture based on trust, intentional inclusion, and respect for diversity and equality of opportunity, which is also summarized in our corporate policy entitled "Fairness and Respect at Work." Our employees worldwide are trained to comply with these guidelines. We measure the engagement and satisfaction of our employees by means of systematic feedback discussions and regular employee surveys. Responsibility for the human resources strategy of the Bayer Group lies with the Board of Management, supported by Bayer's Human Resources enabling function. The strategy is globally implemented within the scope of binding policies.

For more than 10 years, Bayer's LIFE values (Leadership, Integrity, Flexibility and Efficiency) have guided us in our activities. These stand for our values and leadership principles. Attributes define each value's practical meaning and behaviors, serving as the sole reference for how employees work at Bayer.

Employees at all Bayer sites around the world have the right to elect their own representatives. In 2022, the working conditions for around 53% (2021: 54%) of our employees worldwide were governed by collective or company agreements.

Employee data

On December 31, 2022, we employed 101,369 people (2021: 99,637) worldwide. In Germany, we had 22,569 (2021: 23,116) employees, representing 22.3% of the total Group workforce (2021: 23.2%).

In 2022, the Bayer Group hired 12,433 new employees (accounting for 12.3% of our workforce). On the reporting date, our employees had worked for the Bayer Group for an average of 11.0 years (2021: 11.2). Our workforce includes only a small number of employees on temporary contracts (3.4%).

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

Risk culture and objectives of the risk management system

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. The aims of the risk management system are to achieve risk transparency, which also encompasses the early detection of risks, to support risk-based (treatment) decisions and to ensure compliance with legal requirements.

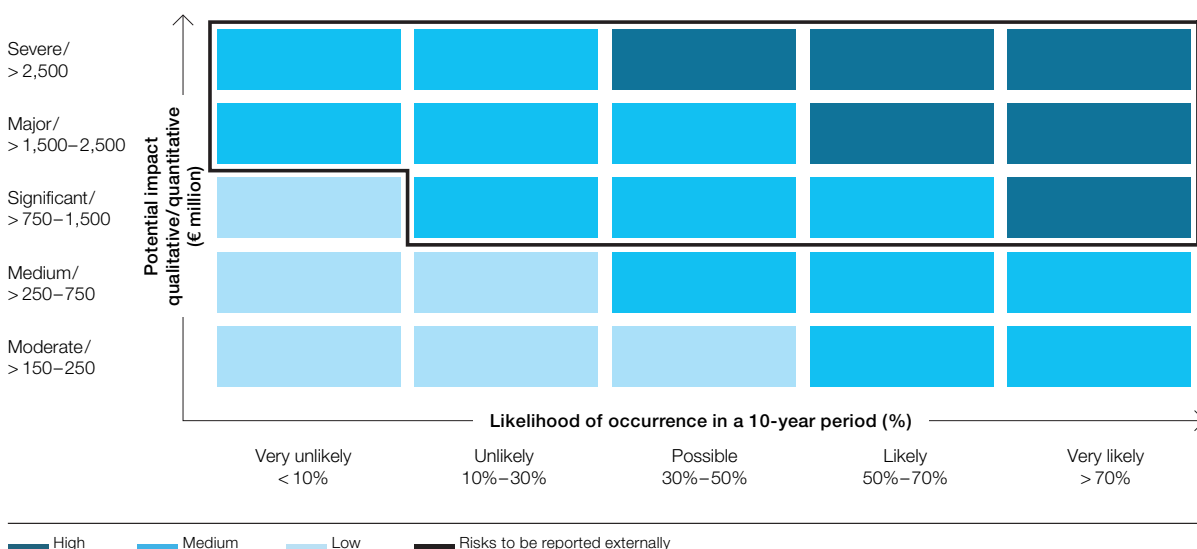
ERM: risk management process

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 activity or to our business relationships, products and services. Risks pursuant to the Corporate Social Responsibility (CSR) Directive Implementation Act 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 with regard to their potential impact and likelihood of occurrence using the following matrix. 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



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 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 potentially exposed include those in the areas of product liability, competition and antitrust law, anti-corruption law, patent law, tax law, data privacy and environmental protection, for example. 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. 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 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 seek compensatory and punitive damages. Plaintiffs claim, 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 and California. Cases pending in US federal courts have been consolidated in a multidistrict litigation (MDL) in the Northern District of California for common pre-trial management.

In 2020, Monsanto reached an agreement in principle with plaintiffs, without admission of liability, to settle most of the current Roundup™ litigation. As of February 1, 2023, Monsanto had reached settlements and/or was close to settling in a substantial number of claims. As we now have greater visibility regarding the number and quality of claims made, we consider that, of the approximately 154,000 claims in total, approximately 109,000 have been settled or are not eligible for various reasons.

The three adverse verdicts – Johnson, Hardeman and Pilliod – were not covered by the settlement. In both the Hardeman and Pilliod cases, following unsuccessful appeal procedures, the Company petitioned the Supreme Court for review. In June 2022, the Supreme Court denied review of both Hardeman and Pilliod. There may be future cases in the Roundup™ litigation (or other unrelated actions) that present the Supreme Court with preemption questions, and the Company will continue to review its legal options regarding further proceedings. Currently, in the Carson case, the 11th Circuit Federal Court of Appeals' en banc full panel is considering plaintiff's appeal of a Georgia federal district court's grant of preemption in Monsanto's favor. Oral argument on the appeal is scheduled for June 2023. In the Schaffner case, the 3rd Circuit Federal Court of Appeals is considering Monsanto's appeal of the MDL court's denial of preemption. Briefing in the appeal is ongoing.

In November 2022, the jury in the Ferro (St. Louis County, Missouri) case issued a verdict in Monsanto's favor, determining that Roundup™ did not cause the plaintiff's cancer. This is the sixth consecutive trial win for the Company.

For costs to resolve potential future claims, Bayer has implemented corresponding accounting measures. As of December 31, 2022, Bayer had a provision of US\$6.4 billion for the aforementioned settlements to resolve existing and future glyphosate claims. Bayer continues to believe there is no reason for safety concerns in connection with these products.

As of February 1, 2023, a total of 31 Canadian lawsuits relating to Roundup™ had been served upon Bayer, including 11 seeking class action certification.

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 were relatively evenly spread across a range of 41 to 68 years as of December 31, 2022. 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 Supervisory Board considers the stockholder representatives Dr. Simone Bagel-Trah, Horst Baier, Dr. Norbert Bischofberger, Ertharin Cousin, Colleen A. Goggins, Kimberly Mathisen, Alberto Weisser, Prof. Dr. Otmar Wiestler and Prof. Dr. Norbert Winkeljohann to be independent. The proportion of women on the Supervisory Board is currently 45% for the full Supervisory Board, 50% for the employee representatives and 40% for the stockholder representatives. Seven 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.

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 4.1/1

Expertise and Experience of Shareholder Representatives on the Supervisory Board

	International business experience	R&D	Agri- culture/ food	Health- care	Finance	Controlling/ risk manage- ment	HR	Govern- ance/ compli- ance	Digital	Sustain- ability/ climate protec- tion	Indepen- dence
Dr. Paul Achleitner	X				X	X	X	X			
Dr. Simone Bagel-Trah	X					X	X	X		X	X
Horst Baier	X				X	X	X	X		X	X
Dr. Norbert W. Bischofberger	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
Alberto Weisser	X		X		X	X	X	X		X	X
Prof. Dr. Otmar D. Wiestler	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

Further information**Securities transactions by members of governance bodies**

Members of the Board of Management or Supervisory Board and persons with whom they have close relationships are legally obligated to report own-account transactions in shares or debt securities of Bayer AG, 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 person with whom they have a close relationship, has reached the €20,000 threshold within a calendar year. The transactions reported to Bayer AG in 2022 were duly published and can be viewed on the company's website.

4.2 Compliance

We define compliance as legally impeccable conduct by all employees in their daily work, because the way they carry out their duties affects our company's reputation. We do not tolerate any violation of applicable laws, codes of conduct or internal regulations. Compliance is essential for our long-term economic success.

The following compliance principles apply throughout the Bayer Group:

- // We compete fairly in every market.
- // We act with integrity in all our business dealings.
- // We balance economic growth with ecological and social responsibility.
- // We observe trade controls that regulate our global business.
- // We safeguard equal opportunity in securities trading.
- // We keep accurate books and records.
- // We treat each other with fairness and respect.
- // We protect and respect intellectual property rights.
- // We act in Bayer's best interest.
- // We protect and secure personal data.

All employees are required to observe the compliance principles and to immediately report any violation of the Corporate Compliance Policy. Infringements are sanctioned. This applies in particular to managerial employees, who, for example, may lose their entitlement to variable compensation components and be subject to further disciplinary measures if violations have occurred in their sphere of responsibility that they could have prevented. Compliant and lawful conduct also factors into the performance evaluations of all managerial employees.

The global compliance management system is steered by a central compliance organization within the Bayer Group that reports to the Chief Financial Officer (CFO) and to the Audit Committee of the Supervisory Board. 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.

Potential compliance risks (such as corruption) are identified together with the operational units to ensure the systematic and preventive detection and assessment of risks. Potential risks are then entered into global databases that we use to develop suitable measures for specific processes, business activities or countries, for example. In addition, we assess our business partners according to risk criteria as we look to identify potential compliance risks. Adherence to the corporate compliance principles is among the subjects covered in audits conducted by Bayer's Internal Audit and in the analyses and investigations by the legal and compliance organization. The heads of these organizations provide regular reports on the findings of the audits and analyses to the Audit Committee of the Supervisory Board, while summary reports are presented at least once a year.

Handling of suspected and actual compliance violations

Suspected compliance violations can be reported – anonymously if desired and if permitted by respective national law – to a globally accessible compliance hotline that is operated by an independent service provider. Reports can be submitted either online or by telephone, with calls answered by trained, independent specialists. Those submitting reports can do so in their preferred language. The hotline is also accessible to the general public.

In 2022, the compliance organization received a total of 372 compliance reports in this way.

In addition, there is a so-called “speak-up inbox” at Bayer for the submission of suspected compliance violations. Alternatively, suspected violations may also be reported to the local compliance function, Internal Audit, Human Resources or directly to the supervisor. Suspected compliance violations may also be reported by logging a so-called incident request on a platform. Moreover, the compliance function records and processes compliance violations discovered as part of monitoring activities.

Compliance violations include all possible types of infringements of internal and external requirements and are systematically sanctioned. The action taken depends on factors including the gravity of the compliance violation and applicable law.

Compliance training and communications activities

We support all employees in acting with integrity and proactively avoiding potential violations by implementing Bayer-wide training measures that are tailored to target groups and based on identified needs and are flanked by communication campaigns. Supervisors and/or compliance managers can be consulted if there are any questions about lawful behavior.

In 2022, some 96.5% of Bayer’s managerial employees worldwide completed at least one compliance training program. Overall, around 85.1% of employees took part in the global web-based training program on conflicts of interest.

Training measures on anti-corruption, the importance of openly expressing concerns (“speak up”), antitrust law, conflicts of interest, fairness and respect in the workplace, foreign trade law compliance, product-related communication and data protection are fundamental elements of our compliance management system.

Marketing compliance and applicability of accepted standards

We are committed to responsible marketing practices. Our efforts in this regard are guided by our Corporate Compliance Policy, Anti-Corruption Policy and rules of conduct for responsible marketing, for example.

We have also put in place directives and corporate policies that are designed to prevent price fixing and ensure data protection. Various industry codes such as those of the International Federation of Pharmaceutical Manufacturers & Associations (IFPMA) and the European Federation of Pharmaceutical Industries and Associations (EFPIA) also apply in marketing and distribution. As regards the advertising of human pharmaceutical products, we comply with the IFPMA Code of Practice as the minimum global standard, along with the regulations set out in the applicable regional and national codes. Pharmaceuticals observes the applicable transparency rules (e.g., the Physician Payments Sunshine Act in the United States) and participates in voluntary programs such as the EFPIA Disclosure Code.

Crop Science’s Product Stewardship Commitment applies to all products, services and technologies and is in alignment with the International Code of Conduct on Pesticide Management issued by the Food and Agriculture Organization (FAO) of the United Nations and the Code of Conduct on Plant Biotechnology issued by CropLife International, for example.

Lobbying

Forming part of our commitment to ensuring transparent lobbying, our corporate policy entitled “Code of Conduct for Responsible Lobbying” sets out binding rules for our involvement in political matters and creates transparency in our interactions with the representatives of political institutions.

As set out in this code of conduct, our company did not make any donations to political parties, politicians or candidates for political office in 2022. Effective January 1, 2022, we abolished our applicable exemption for the United States meaning that we no longer donate directly as a company. However, one special aspect continues to apply: employees can make private donations in support of political nominees at the federal level through so-called “political action committees.” These voluntary donations are made only by employees, not the company. Decisions on how the donations made through Bayer’s political action committee, BAYERPAC, are allocated are made by an independent committee made up of employees. The allocation criteria it applies reflect societal challenges, among other factors. These donations are subject to narrow conditions and mandatory transparency measures.

We also apply the Bayer Societal Engagement (BASE) principles, which are afforded the status of a corporate policy and serve to codify our standards and values to an even greater degree.

4.3 Disclosures Pursuant to Sections 289b Through e and 315b and c of the German Commercial Code

The Bayer Group meets the requirements for the nonfinancial statement pursuant to Sections 289 b through e and 315 b and c of the German Commercial Code (HGB). The relevant disclosures pertaining to the nonfinancial statement in accordance with the Corporate Social Responsibility Directive Implementation Act (CSR-RUG) are integrated into the management report, with the GRI standards (Section 289d HGB) serving as a framework.

The Supervisory Board fulfilled its auditing duty for the nonfinancial statement pursuant to Section 170, Paragraph 1 and Section 171, Paragraph 1 of the German Stock Corporation Act (AktG).

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. Legal proceedings we currently consider to be material are outlined below. The legal proceedings referred to do not represent an exhaustive list.

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, had 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.

Bayer reached agreements in principle with plaintiff law firms to resolve approximately 99% of the nearly 40,000 total filed and unfiled US Essure™ claims involving women who allege device-related injuries. The settlements include all of the jurisdictions with significant volumes of Essure™ cases, including the state of California Joint Council Coordinated Proceedings (JCCP) and the Federal District Court for the Eastern District of Pennsylvania (EDPA). Taking into account the payments already made, the remaining provision for settlements amounts to US\$0.1 billion as of December 31, 2022. This includes an allowance for outstanding claims, and the company is in resolution discussions with counsel for the remaining plaintiffs. 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 February 1, 2023, two Canadian lawsuits relating to Essure™ seeking class action certification had been served upon Bayer. One of the proposed class actions has been certified. Certification in the other class action has been denied; the decision has been appealed by plaintiffs. In addition, approximately 160 single-plaintiff claims have been served on Bayer. Bayer believes it has meritorious defenses and intends to defend itself vigorously.

Class actions over neonicotinoids in Canada: Proposed class actions against Bayer were 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. Plaintiffs claim 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 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 seek compensatory and punitive damages. Plaintiffs claim, 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 and California. Cases pending in US federal courts have been consolidated in a multidistrict litigation (MDL) in the Northern District of California for common pre-trial management.

In 2020, Monsanto reached an agreement in principle with plaintiffs, without admission of liability, to settle most of the current Roundup™ litigation. As of February 1, 2023, Monsanto had reached settlements