

Dear ISS Governance Team

With this, I would like to share our position on the draft ISS guidelines for Virtual Shareholder Meetings.

- The German legislature has approved the virtual AGM as an equivalent alternative to the face-to-face AGM and has created the conditions so that shareholder rights are equally protected in both formats. The main factor for a proxy advisor when positioning for the virtual AGM should be the protection of shareholder rights.
- The participants in the ISS survey had no opportunity to differentiate according to market standards. Even if closed-door meetings, such as in Italy or Greece, are possible as virtual AGMs, it is not surprising that investors react critically. The expectation of the proxy advisors would be that they inform investors about the market standards and the characteristics so that investors can better assess whether shareholder rights are being protected.
- Regardless of this, even according to the ISS Survey, the support for the in-person AGM or the criticism of the vHV is not clear.
- Positive factors of vHV for both shareholders and issuers are:
  - Reaching a larger group of participants with the opportunity for international investors to participate and get involved (we have already had English speeches from shareholders abroad, for example)
  - Saving time and costs
  - Sustainability reasons

We respectfully ask that the ISS case-by-case approach to evaluating virtual AGM proposals recognize that both market- and-company specific circumstances widely vary. We would note that the participants in the ISS survey had no opportunity to differentiate according to market standards.

For example, in Germany, the legislature has approved the virtual AGM as an equivalent alternative to the face-to-face AGM and requires that shareholder rights are equally protected in both formats. In addition, the practices and level of shareholder participation at many virtual meetings in Germany have been well received by international investors. This should be considered differently than the approach taken in some other European markets where shareholder participation may be negatively impacted. In addition, the cost and time savings of a virtual AGM should be fairly weighted as a factor, as it is a consideration for many shareholders.

In our experience holding a virtual AGM, we have been able to reach a larger group of participants with the opportunity for international investors to participate and get involved (e.g., we have had English speeches from shareholders abroad).

For the reasons listed above we consider the virtual AGM to be an established and suitable AGM format.

Thank you very much for consideration.

**Bayer AG**

Best regards

Jost Reinhard