

**Thursday - July 29, 2021**

# Bayer Provides Update on Path to Closure of Roundup™ Litigation

**Leverkusen, July 29, 2021** – Bayer today provided an update on its five-point plan to address future Roundup™ litigation risk after its May 27th decision to withdraw from the national class process. The company is now in more control of important aspects of the risk mitigation process and has sketched out two basic scenarios going forward to provide a path to closure of this litigation. The first scenario is based on obtaining a favorable decision by the United States Supreme Court on a cross-cutting issue like federal preemption which would effectively and largely end the U.S. Roundup™ litigation. The second scenario assumes that the Supreme Court either declines to hear the Hardeman case or issues a ruling in favor of plaintiff – in that case the company would activate its own claims administration program.

The company sees good chances for the first scenario and believes there are strong arguments for the U.S. Supreme Court to accept the case and ultimately render a supporting verdict. However, Bayer is also prepared for the second scenario to manage anticipated claims, through settlement and litigation, to ultimately bring an end to this litigation. For this second scenario, the company posts an additional provision of a gross amount of 4.5 billion U.S. dollars (3.8 billion euros), i.e. before tax and discounting in the second quarter 2021, reflecting the company's potential long-term exposure.

“We want to provide comfort to our investors that the glyphosate litigation exposure should now be reasonably accounted for and leaves significant upside in the event of a favorable Supreme Court decision on the case. It is important for the company, our owners, and our customers that we move on and put the uncertainty and ambiguity related to the glyphosate litigation behind us. This clarity should also allow informed investors to direct their focus on operational performance, the quality of Bayer’s businesses and its intrinsic value”, said CEO Werner Baumann during an investor call. As announced in May, Bayer expects the cash flow to improve this year compared to the original assumptions and confirms its mid-term projection provided during Capital Markets Day.

### **U.S. Supreme Court petition in August**

The company will file its petition seeking Supreme Court review of the Hardeman case in August. If the Supreme Court grants review, the Court will likely render a final decision in 2022. Given this impending schedule, Bayer will be very selective in its settlement approach in the coming months and will not entertain any further settlement discussions when and if the Supreme Court grants review.

In case of a negative Supreme Court outcome, Bayer would set up a professionally run claims’ administration program that will come with pre-determined compensation values whose amounts will be similar to the values for current inventory settlements, but net of plaintiffs’ lawyers commission. The program would address eligible individuals directly, who used Roundup™ previously and develop NHL over the next 15 years. This would cover any alleged NHL latency period, although regulators consistently conclude that the large body of science does not support a causal relationship between NHL and glyphosate and despite substantially different scientific opinions on the latency.

### **Long-Term Risk-Mitigation Actions**

As part of the five-point plan, the company will also take additional steps to help close the door on this litigation and ensure that any claims brought by individuals who use Roundup™ in the future are few in number and unlikely to succeed. These measures include that the company and its partners will replace its

glyphosate-based products in the U.S. residential Lawn & Garden market with new formulations that rely on alternative active ingredients beginning in 2023, subject to a timely review by the U.S. Environmental Protection Agency (EPA) and state counterparts. This move is being made exclusively to manage litigation risk and not because of any safety concerns. As the vast majority of claims in the litigation come from Lawn & Garden market users, this action largely eliminates the primary source of future claims beyond an assumed latency period. There will be no change in the availability of the company's glyphosate formulations in the U.S. professional and agricultural markets.

Moreover, the company will engage in discussions with EPA about Roundup™ labels with the goal of providing more information to users about the science as an additional element towards ensuring even more informed purchasing and application decisions. It will also set up a new website with scientific studies relevant to Roundup™'s safety that will provide even more transparency to purchasers about the products they use. The website is expected to be launched by the end of 2021.

“We have set up a very strong team that reports directly to the Board of Management and is laser focused on the further execution of our five-point plan, while the Board of Management will now fully concentrate on business performance and strategy execution”, said Baumann.

Note:

*Additional information and access – from around 3 p.m. CEST – to the live broadcast of the investor conference call at: [www.bayer.com/settlements](http://www.bayer.com/settlements)*

**About Bayer**

Bayer is a global enterprise with core competencies in the life science fields of health care and nutrition. Its products and services are designed to help people and planet thrive by supporting efforts to master the major challenges presented by a growing and aging global population. Bayer is committed to drive sustainable development and generate a positive impact with its businesses. At the same time, the Group aims to increase its earning power and create value through innovation and growth. The Bayer brand stands for trust, reliability and

quality throughout the world. In fiscal 2020, the Group employed around 100,000 people and had sales of 41.4 billion euros. R&D expenses before special items amounted to 4.9 billion euros. For more information, go to [www.bayer.com](http://www.bayer.com).

## **Forward-Looking Statements**

This release 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](http://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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