

Annual Stockholders' Meeting on April 30, 2010

I hereby notify you that I will oppose the proposals of the Board of Management and the Supervisory Board as regards Item 2 of the Agenda, and will induce the other stockholders to vote in favor of the following counter-motion:

Counter-motion to Item 2: The actions of the members of the Board of Management are not ratified

It has been known for decades that using the contraceptive pill increases the risk of thrombosis and embolism. The likelihood of a stroke occurring also increases. With up to 100 million women all over the world using the contraceptive pill to prevent pregnancy, even relatively rare adverse effects lead to numerous cases of impaired health.

It is therefore not acceptable for contraceptive pills of the latest generation to be associated with a risk of embolism that is roughly twice as high as that associated with older products. The contraceptive effect is the same. There is thus no justification for the higher incidence of adverse effects.

BAYER generated sales of €1.28 billion last year with contraceptive pills, and this has made it the global leader. BAYER heedlessly markets products such as YASMIN, YASMINELLE and YAZ which contain the novel hormone drospirenone, without drawing attention to the more pronounced risk profile associated with this substance. The advertising focuses on alleged benefits in terms of weight and skin appearance, in other words purely "lifestyle" factors. This leads to avoidable incidents and even to fatalities. In the United States alone, more than one thousand women who have been harmed have instigated legal proceedings against BAYER. In the United States, moreover, BAYER has had to pay US\$ 20 million in fines for making false claims in advertising spots for YASMIN.

The Euras study cited by BAYER, designed to demonstrate the alleged safety of YASMIN, was sponsored by SCHERING – today part of BAYER – and performed by a SCHERING employee. Independent scientists have reached completely different conclusions. Two studies published last year, for example, show that drospirenone-containing pills such as YASMIN are associated with a roughly 80% greater risk of thrombosis than older products. Medical journals saw the problem coming and warned at an early stage against using YASMIN.

In Germany, too, extremely serious damage and even fatalities have repeatedly occurred. One of the women harmed, Felicitas Rohrer, reports, "It's a miracle I'm still alive, thanks to the incredibly good work done by the doctors and some fortunate circumstances." The 25-year-old suffered a serious pulmonary embolism in July 2009 after taking the pill YASMINELE. "The fatal thing about this contraceptive pill is that it specifically targets young girls. The first pack is supplied in a smart silver cardboard box with a make-up brush. This and the alleged advantage that it doesn't cause weight gain naturally increase young women's acceptance of this product enormously. But they are not told that using this product will increase their risk of developing a thrombosis or embolism."

It wasn't possible to save 21-year-old Yvonne B, who died of a pulmonary embolism last September. The young woman had suffered chest pains for months and had consulted doctors on several occasions. Yvonne B had been taking the product YAZ since the end of 2008. Like YASMIN and YASMINELE, it contains the active ingredient drospirenone. And three years ago Celine, then aged 16, suffered a pulmonary embolism and has required care ever since. She had taken YASMIN. Now the previously healthy young Swiss is severely disabled.

In the period from 2004 to 2008, over 50 fatalities due to YASMIN and YAZ were recorded in the United States alone. Yet BAYER refuses to provide exact information on the frequency of serious adverse events and fatalities - allegedly so as "not to worry customers." In fact the intention is for the negative information to disappear into a drawer somewhere so as not to put sales at risk. The *Coalition against BAYER Dangers* is therefore calling for the mandatory disclosure of all reported adverse effects and post-marketing studies as well as effective penalties for unfair pharmaceutical advertising.

It is outrageous that new contraceptives are more dangerous than old products. Contraceptive pills that are associated with an increased risk of thrombosis and embolism must be banned. Since the Board of Management of BAYER has not stopped the marketing of products with an increased incidence of side-effects, its actions must not be ratified.

Detailed information on this topic can be found on the *Coalition against BAYER Dangers* website at www.CBGnetwork.de/3133.html.

I request notification of this countermotion and the reasons for it pursuant to Sections 125, 126 of the German Stock Corporation Act (AktG).



Annual Stockholders' Meeting on April 30, 2010

I hereby notify you that I will oppose the proposals of the Board of Management and the Supervisory Board as regards Items 2 and 3 of the Agenda, and will induce the other stockholders to vote in favor of the following counter motions. I request notification of this counter motion and the reasons for it pursuant to Sections 125, 126 of the German Stock Corporation Act (AktG).

Counter motion to Item 2: The actions of the members of the Board of Management are not ratified

In August 2008, there was a major explosion at the Bayer site in Institute, United States. Thereupon, the Congress in Washington appointed an investigation committee, which came to some alarming conclusions. It said it was sheer chance that the exploding container had not destroyed a neighboring tank of toxic gas. If the toxic gas had been released, "the consequences could have eclipsed even the disaster in Bhopal". The investigation report also describes how Bayer manipulated public opinion with legal maneuvers and the defamation of critics.

The facility in Institute uses large volumes of methylisocyanate (MIC), the chemical that was released in Bhopal. Four months before the explosion, at the Bayer Stockholders' Meeting, representatives of *Coalition against Bayer Dangers* had warned of the risks of the MIC tanks and called on the company to use a production process that is free of toxic gases. However, the warnings were rejected by Bayer CEO Wenning as being "unfounded".

Only several weeks after the explosion it emerged that, less than 20 meters from the site of the explosion, there was a tank containing several tons of MIC. Consequently, an investigation committee was set up in the US Congress. During the course of the investigations, hundreds of internal company documents were confiscated.

The investigation report reached some alarming conclusions: Because of a design fault, safety systems in the factory had been intentionally deactivated. The site management knew of this, which means that the catastrophe could have been *"easily prevented"*. Bayer's statement that no dangerous substances were emitted into the environment was *"clearly wrong"*. The report continues: *"The explosion at the Bayer site was particularly worrying because a residue container weighing several tons was hurled 15 meters across the site, destroying just about everything in its path. If this projectile had hit the MIC tank, the consequences could have eclipsed the disaster in Bhopal in 1984."* The explosion in Bhopal cost at least 15,000 human lives.

At the hearing, representatives from Bayer had admitted under oath that the company misused anti-terror laws to deprive the general public of information on the risks at the plant. During the course of the investigations, a strategy paper from Bayer

was published, in which a detailed description was given of how, with the aid of donations, media work and defamation of critics, public opinion was to be won over. In particular, Bayer wanted to "marginalize" the local daily paper *Charleston Gazette*, which has been reporting for a long time on the risks of the plant, and the action group *People Concerned about MIC*, which has been battling for greater safety in Institute for 25 years, and make them "appear irrelevant".

The judgment of the U.S. Congress was unambiguous: *"Bayer was involved in a secrecy campaign. The company has withheld key information from the security forces, has granted the investigators from the federal authorities only limited access to information, has undermined the work of the media and action groups, and has given the general public incorrect and misleading information."*

Ever since the Bayer Group was founded, it has been observed that the company tries to suppress freedom of information and, to an even greater extent, criticism by applying pressure and making threats. It ruthlessly deploys its economic power to protect its profits. The truth, along with human and environmental interests, is disregarded. The Board of Management has not taken any steps to stop such improper practices and its members' actions should therefore not be ratified.

Only after publication of the investigation report did Bayer express its willingness to reduce the storage of MIC in Institute by 80 %. The damaged plant will not be rebuilt and production of the pesticide carbofuran, which is banned in the United States anyway, will be stopped.

The admission by the company that the safety situation in Institute must be improved is a success on the part of the environmental authorities and good news for the residents. Nevertheless, even after the planned rebuilding, Institute will remain the only facility in the United States with large MIC tanks in which up to 20 tons of toxic gas are to be stored. Furthermore, Bayer has not yet provided any information concerning the continuing use of the equally dangerous chemical phosgene, which is also produced in Institute in large quantities.

Safe production will only be possible when Bayer develops new processes for plastics and pesticide production that do not involve toxic gases such as MIC and phosgene.

The Board of Management bears responsibility for this deplorable state of affairs, and its actions should therefore not be ratified. Further information can be found on the website of *Coalition against Bayer Dangers*: www.CBGnetwork.org

Countermotion to Item 3: The actions of the members of the Supervisory Board are not ratified

Reasoning: The Bayer plants use enormous quantities of groundwater. This leads to extensive ecological damage.

Annual consumption of the five largest Bayer plants in North Rhine-Westphalia alone is 220 million cubic meters of groundwater and river water. Leverkusen heads the list with about 130 million cubic meters, while the facilities in Monheim use around 50 million cubic meters of water a year. For comparison, the one million or so inhabitants

of Cologne together need around 57 million cubic meters of drinking water a year, which is not even half the consumption of the Leverkusen plant.

Bayer owns "old water rights" for its plants, some of which go back to the 19th century. Particularly critical in this respect is the company's high consumption of groundwater, which is generally cleaner than river water. While the Leverkusen Bayer plant alone extracts 85 million cubic meters of groundwater a year, large parts of NRW obtain their drinking water from riverbank filtration systems on the river Rhine involving a complex treatment process.

Bayer fails to handle its reserves of groundwater responsibly. It should be an absolute priority to invest more in production and purification processes that generate no effluent. Process water should be recycled.

To create an incentive to reduce water consumption, former NRW Environment Minister Bärbel Höhn introduced a water levy in 2003. Until then, Bayer had not paid any charges for its enormous consumption of water. The income is earmarked specifically for water protection. In 2008, Bayer and its subsidiary Currenta paid around 4.6 million euros for this.

Bayer CEO Werner Wenning strongly attacked the ecologically sensible water levy even before it was introduced. The *"Dialog Wirtschaft und Umwelt"*, which was also introduced by the state government of NRW and in which Bayer (but not the environment associations) is represented, had always wanted it to be scrapped. The CDU/FDP state government yielded to the pressure and announced the abolition of the charge.

An ecologically important incentive to limit water removal to an absolute minimum was thus lost. In fact, a significant increase in the charges would be justified – especially for the removal of cooling water – to help counteract the effects of the warming of rivers. Abolition of the water levy will also make it more difficult to implement the Water Framework Directive. Either projects on water protection will be cancelled, or the population will be burdened with the necessary costs indirectly through other taxes. It would have been much fairer if the causers of water pollution, such as Bayer, had been called to account.

The Supervisory Board has not taken any adequate steps to lower the company's enormous water consumption, which is why its actions should not be ratified.



This notice is a convenience translation. For the legally binding document, please refer to the original German version which is published on the Internet at <http://www.hv2010.bayer.de/de/gegenantraege.aspx>

Coordination gegen BAYER-Gefahren e.V. * Postfach 150418 * D-40081 Düsseldorf

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Counter motion to Item 2: The actions of the members of the Board of Management are not ratified

Reasoning: The Bayer Group is responsible for massive ecological and social problems. The Board of Management bears responsibility for this.

A selection of the current problems is given below. Background information can be found on the homepage of the *Coalition against Bayer Dangers*:

www.CBGnetwork.de

- Bayer likes to present itself as a company committed to environmental protection, particularly where climate protection is concerned. In fact, however, the Group's annual carbon dioxide emissions are still very high, at just under 8 million metric tons, and are unlikely to fall by the year 2020. Emissions of this magnitude are incompatible with effective climate protection.

Worse still, at several Bayer plants, there are plans to build coal and garbage-fueled power plants that will have an unacceptable impact on the environment, emitting noxious substances and millions of tons of CO₂. Bayer's argument that it is not responsible for these investments is very dubious. Although the power plants are being built by utility companies, Bayer will provide the land and intends to buy a large proportion of the generated energy. It is even intended that the coal power plant in Krefeld-Uerdingen, which would emit more than 4 million tons of CO₂ per year, should be operated by the Bayer subsidiary Currenta.

With a service life of over 50 years, these power plants would severely impact the climate and the environment until well into the second half of the century and also block necessary investment in energy-saving measures (avoidance of energy-intensive production processes, increasing the utilization of waste heat) and the use of renewable energy sources.

The Intergovernmental Panel on Climate Change (IPCC) is calling for a drastic reduction in carbon dioxide emissions. In the industrialized countries, says the IPCC, an 80-95 % reduction of emissions is needed by the year 2050 to limit the global temperature rise to 2 °C. Only in this way will it be possible to prevent the most dramatic effects of climate change such as the melting of the Greenland ice

cap.

This means Bayer must perform a credible energy turnaround. What is needed is a wide-ranging program to reduce CO₂ emissions by at least 80 % by the year 2050, but without employing high-risk technologies such as carbon capture and storage (CCS). Bayer must also halt the construction of coal and garbage-fueled power plants at all its sites, refuse the use of electricity generated in lignite power plants, and publish the energy mix and emissions for each Bayer site separately (including suppliers).

- One of the most terrible scandals in Bayer's history is the knowing infection of thousands of hemophiliacs with HIV. Hemophiliacs were infected by blood products from Bayer until 1986 even though methods had been available since 1982 for rendering the virus harmless through heat treatment. Even after the ban on untreated batches in Europe, they were exported to Asia.

Since the victims have survived for a fairly long time, the compensation fund set up by the government, federal states and industry is now running out. Bayer and the other companies involved do not want to top up the fund accordingly; instead, they want the general public to bear the main burden. As the principal party responsible, Bayer should assume the cost of continuing the fund. The victims, who have never received compensation from Bayer, must at least be enabled to live in dignity.

- Bayer is still involved in price fixing. For this reason, the Romanian authorities had Bayer offices searched in the fall. In Italy, there are also fresh investigations against Bayer. The *Coalition against Bayer Dangers* has published a list of antitrust cases involving Bayer at www.cbqnetwork.de/2355.html. The list contains information about the payment of fines and the duration of the various price-fixing agreements.
- Recently, the number of complaints made by Bayer against operators of Internet forums has increased. The editors of the online magazine *LifeGen*, for example, were threatened with court action for reprinting a report by the *Coalition against Bayer Dangers* on excessive side-effects of Bayer's birth-control pills. Despite being massively threatened ("with criminal and civil law proceedings"), *LifeGen* stood its ground and refused to remove the article from its website. Legal proceedings were never instigated, so Bayer's action was merely intended to threaten the editors. Other operators on the Internet, however, often submit to such threats for fear of the possible costs. This is a clear attack on the freedom of the press aimed at putting a stop to critical reporting.
- There are hazardous contaminated sites left by the Bayer Group all over the world. At the present time, a landfill/dump site is being cleaned up in the US State of Oregon where several million liters of herbicides have been stored for forty years. Bayer will assume only a quarter of the remediation costs of 2.4 million dollars. As with the Dhünnaue in Leverkusen, the general public will have to bear a large proportion of the costs.

Countermotion to Item 3: The actions of the members of the Supervisory Board are not ratified

Reasoning: The Supervisory Board does not adequately fulfill its functions of overseeing the work of the Board of Management, and its actions should therefore not be ratified. Below are some examples of an irresponsible corporate policy that is tolerated by the Supervisory Board:

- At its Krefeld site, Bayer is still producing chlorine gas by the outdated amalgam process, in which highly toxic mercury is released. Nearly all other producers switched over a long time ago to processes that have less of an impact on the environment. In fact, under the Ospar Convention, all mercury emissions should have been halted by 2010. It will now be impossible to keep to this deadline.

Bayer is finally relenting: production by the amalgam process is to be phased out in the coming years and will end by 2014. However, this is happening at least ten years too late. Furthermore, even a modernized chlorine plant is highly problematical, as most of the gas goes into phosgene production. This highly toxic phosgene is, in turn, used in Krefeld for the production of polycarbonates, although phosgene-free processes have been available for this for years. Bayer has so far refused to switch to safe production methods that do not involve phosgene.

- Bayer has been forced on several occasions to pay millions of dollars in fines in the United States because of the contamination of rice harvests with genetically engineered varieties. In all, 3,000 farmers are seeking compensation. The rice variety LL601, which is tolerant to Bayer's herbicide glufosinate, entered the world market in 2006 although it had not been approved. The damage is put at more than a billion dollars. Despite this, Bayer refuses to compensate all those affected.

Even worse: Bayer is continuing with its application for approval of the LL62 variety, which is also tolerant to glufosinate, in the E.U. The LL rice is intended to be grown primarily in Asia, where the contamination and displacement of traditional rice varieties would be inevitable. Biodiversity and food security would be at risk. Cultivation over a large area would also result in more pests and the increased use of dangerous pesticides.

- Pain killers like Aspirin have many serious side-effects. In the United States alone, 16,500 people die every year from stomach bleeding after taking pain relievers. Because of these risks, the *Federal Institute for Drugs and Medical Products* has recommended introducing compulsory prescriptions for large packs of Aspirin. A regulation of this kind is already in force for paracetamol. Bayer is trying to prevent this regulation and is canvassing for support among pharmacies and customers so that it can be allowed to continue selling 60-tablet packs without a prescription.
- The Pentagon buys drugs worth seven billion dollars every year. Bayer therefore regularly invites employees of the U.S. military to congresses and training events. The U.S. organization *Public Integrity* has now published a report detailing trips made by Pentagon employees. In the last ten years, 22,000 trips of this kind were paid for by corporations, 40 % of them in the pharmaceutical industry. In the list of

expenditures by pharmaceutical companies, Bayer takes 10th place. Marketing of this kind should not be acceptable. A company such as Bayer, which has an unfortunate tradition as an inventor of chemical warfare agents, should not do business with armies.

- The planned CO pipeline which traverses the state of North Rhine-Westphalia harbors serious risks for nearby residents. No evidence has been provided that the project serves the public good. It has also emerged that Bayer has repeatedly failed to meet requirements stated in the planning approval notice. For example, construction was started despite the absence of certificates that the land was free of warfare agents, and thinner-walled pipes were used that were made of non-approved grades of steel. The Geological Service of NRW also holds the view that the earthquake resistance of the pipeline "has not yet been adequately proven". The higher administrative court of Münster and the administrative court of Düsseldorf have both identified significant shortcomings of the project and have so far prevented the pipeline from going into operation.

Bayer must at last bury the project and build a modern CO production plant in Krefeld. This would completely avoid any risk to the population along the route of the pipeline. The principle that hazardous substances should only be produced at their place of use must be adhered to under all circumstances.

- In a factory operated by Bayer CropScience in Ankleshwar, India, there was a serious accident at the beginning of March. Following a fire, highly toxic gases were released and an engineer died. The incident occurred in a plant in which the highly toxic pesticide Ethoprop is produced. The WHO describes Ethoprop as "extremely hazardous" (hazard class 1). Bayer announced back in 1995 that it would remove all class 1 active ingredients from the market, but has failed to keep its promise. Safe use of highly hazardous active ingredients like Ethoprop is impossible, particularly in many countries in the southern hemisphere. The WHO estimates the annual number of pesticide poisonings at between 3 and 25 million. The Bayer plants in India, particularly those in Vapi, are renowned for their high pollutant emissions.

On behalf of the Executive Committee of the *Coalition against Bayer Dangers e.V.*

