

# BAYER SUSTAINABILITY REPORT 2011

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## Blueprint for Corporate Sustainability Leadership

UN Global Compact LEAD initiative

Progress report



Science For A Better Life

# UN Global Compact LEAD initiative

## Blueprint for Corporate Sustainability Leadership

### Bayer progress report 2011



Bayer has supported the United Nations Global Compact since this was founded in 2000. We want to play an active part in the endeavors to make globalization more socially and ecologically compatible and to raise standards in the fields of human rights, labor rights and environmental protection and in the fight against corruption. Bayer provides Communication on Progress (COP) toward UNGC goals and principles in the form of a full Sustainable Development report. The time period covered by your COP 2011: Start date: January 1, 2011 End date: December 31, 2011. Our COP contains a statement by the CEO expressing continued support for the Global Compact and renewing our company’s ongoing commitment to the initiative and its principles.

Since the end of 2010 the UN Global Compact has offered participants a range of options for putting their own stamp on their progress reports. As a member of the Global Compact LEAD initiative, we base our activities on the Blueprint for Corporate Sustainability Leadership. We report our progress in implementing the 10 UNGC principles at the Advanced Level and additional aspects according to the Blueprint for Corporate Sustainability Leadership. The Bayer “COP Advanced Level” – self-assessment can be found on the website of the UN Global Compact initiative: <http://www.unglobalcompact.org/>.

As a founding participant of the UNGC LEAD initiative, we present our first COP report set against additional criteria from the Blueprint for Corporate Sustainability Leadership on the following pages.

#### Dimension 1: Implementing the 10 Principles within Strategies and Operations

The following table provides a concise summary of the activities and management systems at Bayer that support the 10 principles of the Global Compact and the results which were achieved in 2011.

UNGC Principles	Systems	Measures 2011	Achievements 2011
<b>Principle 1:</b> Support of human rights	<ul style="list-style-type: none"> <li>■ Human Rights Position, p. 11, 47,</li> <li>■ Corporate Compliance Policy, p. 25,</li> <li>■ Bayer Sustainable Development Policy, p. 11</li> <li>■ Group-wide policy guidelines issued by the Procurement Community, p. 31</li> <li>■ Procedure for selecting and evaluating suppliers, p.31</li> <li>■ Supplier Code of Conduct, p. 31</li> <li>■ Group-wide directives on occupational health and safety, p. 53</li> <li>■ Safety Council, Link 47 Online Report</li> <li>■ Targets for 2015, front cover</li> </ul>	<ul style="list-style-type: none"> <li>■ Strategy development and expansion of the alliances for sustainable health care, p. 14-16, weblink 23+27, and partnerships for good harvests, p. 17-19</li> <li>■ The information and training program on human rights has now been integrated into mandatory human rights training sessions or obligatory compliance training at many of our sites, p. 48</li> <li>■ Continuous information and training on the theme of compliance, p. 25</li> <li>■ Purchaser training on sustainability and on the Supplier Code of Conduct, p. 31</li> <li>■ Supplier Code of Conduct is a fixed element of our supplier selection and evaluation process, and integrated as binding into our electronic ordering systems and contracts throughout the Group through a special clause. To participate in bidding processes in our supplier management system,</li> <li>■ suppliers must bindingly confirm before submitting an offer that they acknowledge the Bayer Supplier Code of Conduct</li> <li>■ Occupational safety: ideas and activities, p. 53f., weblink 132</li> <li>■ Group-wide initiative on process and plant safety to develop the culture of safety and safety standards at the plants and in the laboratories and to optimize the safety technology; training materials are available in around 20 languages; our target is to have trained around 26,000 employees by the end of 2012, p. 63/64</li> </ul>	<ul style="list-style-type: none"> <li>■ In September 2011 we introduced a special online training program on our Human Rights Position for employees at Group companies in China. By the end of March 2012 over 1,200 employees at these companies had completed this training program, p. 48</li> <li>■ Using a variety of methods, we trained about 36,000 employees around the world on the content of our Human Rights Position and its practical application in 2011. Another 10,000 employees undertook our online training on compliance and lawful conduct, p. 48</li> <li>■ New purchasing employees trained, p. 31</li> <li>■ Regional Supplier days, e.g. Finland and India, p. 31</li> <li>■ Training sessions on the Code of Conduct, assessments and audits, p. 31/32                         <ul style="list-style-type: none"> <li>■ Employee union representatives already elected at nine sites of our Group companies in China; representing some 3,000 employees, p. 48</li> <li>■ In 2011, 90% of managerial employees completed web-based compliance training, about 36 percent of the total workforce, p. 26</li> <li>■ Number of occupational injuries to Bayer employees that led to lost days fell again (to 1.5 MAQ), p. 53</li> <li>■ In 2011 around 3,700 employees: process and plant safety specialists completed the training in process and plant safety, p. 64</li> </ul> </li> </ul>

<p><b>Principle 2:</b> Exclusion of human rights violations</p>	<ul style="list-style-type: none"> <li>■ Human Rights Position, p.11, 47</li> <li>■ Corporate Compliance Policy, p. 25</li> <li>■ Supplier Code of Conduct, p. 31</li> <li>■ Procurement / Supplier management, p. 31f.</li> </ul>	<ul style="list-style-type: none"> <li>■ Supplier management: risk analysis using the Bayer Country Sustainability Risk Index, p. 31</li> <li>■ The information and training program on human rights has now been integrated into mandatory human rights training sessions or obligatory compliance training at many of our sites, p.48</li> <li>■ Supplier Code of Conduct is a fixed element of our supplier selection and evaluation process, p. 31</li> <li>■ Supplier assessments and audits, p. 31f.</li> </ul>	<ul style="list-style-type: none"> <li>■ 2011: 361 assessed suppliers from 26 countries, p. 31; 104 additional country-specific assessments were carried out in India. In 2011 we conducted 15 random audits to check the information provided by the suppliers in the supplier self-assessments, p. 31/32</li> </ul>
<p><b>Principle 3:</b> Observance of the right to freedom of association</p>	<ul style="list-style-type: none"> <li>■ Collective agreements such as sector or in-house agreements, p. 48</li> <li>■ Bayer European Forum, link 53</li> <li>■ Human Rights Position, p. 11, 47</li> <li>■ Supplier Code of Conduct, p. 31</li> </ul>	<ul style="list-style-type: none"> <li>■ Constitution of more union representation at Bayer China, p. 48</li> <li>■ The information and training program on human rights has now been integrated into mandatory human rights training sessions or obligatory compliance training at many of our sites, p. 48</li> <li>■ Supplier Code of Conduct is a fixed element of our supplier selection and evaluation process, p. 31</li> <li>■ Supplier assessments and audits, p. 31f.</li> </ul>	<ul style="list-style-type: none"> <li>■ Employee union representatives already elected at nine sites of our Group companies in China; representing some 3,000 employees, p. 48</li> <li>■ Purchaser and supplier training on the Code of Conduct, p. 31</li> <li>■ 2011: 361 assessed suppliers from 26 countries, p. 31; 104 additional country-specific assessments were carried out in India. In 2011 we conducted 15 random audits to check the information provided by the suppliers in the supplier self-assessments, p. 31/32</li> </ul>
<p><b>Principle 4:</b> Abolition of all forms of forced labor</p>	<ul style="list-style-type: none"> <li>■ Human Rights Position, p. 11, 47</li> <li>■ Corporate Compliance organization, p. 25f.</li> <li>■ Supplier Code of Conduct, p. 31</li> <li>■ Procurement / Supplier management, p. 31f.</li> </ul>	<ul style="list-style-type: none"> <li>■ Purchaser training on sustainability and on the Supplier Code of Conduct, p. 31</li> <li>■ Supplier Code of Conduct is a fixed element of our supplier selection and evaluation process, p.31</li> <li>■ Supplier assessment and audits, p. 31f.</li> </ul>	<ul style="list-style-type: none"> <li>■ Supplier training sessions on the Code of Conduct, assessments and audits, p. 31</li> <li>■ 361 assessed suppliers from 26 countries, p. 31; 104 additional country-specific assessments were carried out in India. In 2011 we conducted 15 random audits to check the information provided by the suppliers in the supplier self-assessments, p. 31/32</li> </ul>
<p><b>Principle 5:</b> Abolition of child labor</p>	<ul style="list-style-type: none"> <li>■ Human Rights Position, p. 11, 47</li> <li>■ Corporate Compliance organization, p. 25f.</li> <li>■ Procurement / Supplier management, p. 31f.</li> <li>■ Supplier Code of Conduct, p. 31</li> <li>■ Bayer Child Care Program, p. 32f.</li> </ul>	<ul style="list-style-type: none"> <li>■ Expansion of system for countering child labor, p. 32/33 and in-depth information: <a href="http://www.childcareprogram.bayercropscience.com/">http://www.childcareprogram.bayercropscience.com/</a></li> <li>■ Supplier Code of Conduct implementation, p. 31</li> <li>■ Learning for Life initiative (India) for improved personal circumstances (in cooperation with NGO), p. 33, weblink 61</li> <li>■ Supplier Code of Conduct is a fixed element of our supplier selection and evaluation process, p. 31</li> <li>■ Supplier assessment and audits, p. 31f.</li> </ul>	<ul style="list-style-type: none"> <li>■ Brochure on child labor: <a href="http://www.bayercropscience.com/bcsweb/cropprotection.nsf/id/DE_Child_Care_Program/\$file/BCS_Childcare.pdf">http://www.bayercropscience.com/bcsweb/cropprotection.nsf/id/DE_Child_Care_Program/\$file/BCS_Childcare.pdf</a></li> <li>■ Renewed confirmation by audits that there is no systematic child labor in the supply chain for cotton seeds in India, p. 32/33</li> <li>■ Bayer Child Care, p. 31 brochure expanded to seed production for hybrid rice</li> <li>■ Learning for Life initiative (India): more than 2,700 children and young people benefited from this initiative between 2005 and 2011, p. 33</li> </ul>
<p><b>Principle 6:</b> Elimination of discrimination</p>	<ul style="list-style-type: none"> <li>■ Human Rights Position, p. 11, 47</li> <li>■ Bayer diversity policy, p. 50</li> <li>■ Bayer diversity councils</li> <li>■ Corporate Compliance Policy, p. 25</li> <li>■ Supplier Code of Conduct, p. 31</li> </ul>	<ul style="list-style-type: none"> <li>■ Promotion of diversity through networks, p. 50, link 125</li> <li>■ Workshops to raise managers' awareness of the benefits of greater diversity, p. 50</li> <li>■ Bayer USA program for training and employing people with disabilities, p. 51</li> <li>■ Position of Global Head of Diversity &amp; Inclusion at Bayer AG created</li> <li>■ Target for 2015: increase the proportion of women in management positions to approaching 30%, p. 50</li> <li>■ Innovative online tool "GlobeSmart" introduced, which gives employees access to information about etiquette and communication behaviors in more than 60 countries introduced</li> </ul>	<ul style="list-style-type: none"> <li>■ Women accounted for 22 percent of employees in this management segment worldwide in 2011 – a good one percentage point more than in the previous year. The proportion of female managers at these grades is 34 percent in the United Kingdom, 32 percent in China, 28 percent in Switzerland, 27 percent in the United States, 26 percent in Singapore and around 25 percent in France. In 2011 just under 19 percent of senior managers in Germany were female.</li> </ul>

<p><b>Principle 7:</b> Precautionary environmental protection</p>	<ul style="list-style-type: none"> <li>■ Bayer Sustainable Development Policy, p. 11</li> <li>■ HSEQ management systems, p. 27, 37, 53, 55, 62ff.</li> <li>■ Risk management systems, 26 f.</li> <li>■ Global Product Strategy, p. 36f.</li> <li>■ Supplier Code of Conduct, p. 31</li> <li>■ "BayRisk" instruction, p. 27</li> <li>■ Safety Council, weblink 53</li> <li>■ Resource Efficiency Check, p. 55</li> </ul>	<ul style="list-style-type: none"> <li>■ Regular HSE(Q) audits, p. 62f.</li> <li>■ Analysis of pharmaceuticals in the environment, p. 40</li> <li>■ Training in methods of sustainable agriculture worldwide, p. 43</li> <li>■ Biodiversity projects, p. 61f.</li> <li>■ Group-wide initiative on process and plant safety, p. 63</li> <li>■ Target for 2015: roll out Global Product Strategy in another 10 countries with different languages, p. 37, 46</li> <li>■ REACH regulation: Group-wide and subgroup-specific directives</li> </ul>	<ul style="list-style-type: none"> <li>■ REACH: in 2010 we met the first deadline by completing the registration phase for substances we produce or import in volumes of more than 1,000 metric ton annually or that are particularly hazardous. In 2011 we began compiling the dossiers for the second registration phase, in which all substances we produce or import in a volume greater than 100 metric tons annually must be registered by June 1, 2013.</li> <li>■ The ICCA (International Council of Chemical Associations) has established an information portal through which summarized details on products – so-called "GPS Safety Summaries." In 2011 Bayer began entering product safety summaries in this portal, p. 37</li> <li>■ Presentation of the CEO Safety Award initiated by BMS, weblink 53</li> <li>■ Registration in the Inventory of the European Chemicals Agency (ECHA) of all substances marketed in the E.U. and classified as GHS. In 2010 we notified within the deadline more than 1,000 substances marketed by us at that time. Since then, all new substances have been notified through the normal processes, p. 37</li> </ul>
<p><b>Principle 8:</b> Specific commitment to environmental protection</p>	<ul style="list-style-type: none"> <li>■ Bayer Sustainable Development Policy, p. 11</li> <li>■ Bayer Water Position, p. 58</li> <li>■ Program of targets for 2015, front cover</li> <li>■ Bayer Sustainability Program, p. 11, weblink 12</li> <li>■ Bayer Climate Program, p. 22, weblink 35</li> <li>■ UNGC Caring for Climate, weblink 13</li> <li>■ CEO Water Mandate of the UN Global Compact, p. 58, weblink 138</li> <li>■ Bayer Position on Responsible Care®, p. 11, weblink 135</li> <li>■ Guideline "Ecological Assessment of New Investments" for the evaluation of the environmental effects, for investment projects exceeding €10 million, p. 30</li> </ul>	<ul style="list-style-type: none"> <li>■ Implementation of the ISO-certified STRUCTese™ energy efficiency management system, p. 21/22</li> <li>■ Green IT and Greener Fleet, p. 22</li> <li>■ Resource efficiency method was tested in 2011 in pilot projects in the Bayer MaterialScience and Bayer CropScience subgroups and has already identified savings potential in the major categories of raw materials, energy, water and waste.</li> </ul>	<ul style="list-style-type: none"> <li>■ STRUCTese™ successfully installed in 46 plants by end of 2011, p. 21/22</li> <li>■ Reduction in emissions of carbon monoxide, sulfur oxides and particulates, p. 56-58</li> <li>■ Reduction in discharges of phosphorus and heavy metals into water, p. 60</li> <li>■ Recycling of hazardous waste rose by 10%, p. 61</li> <li>■ Achievements with respect to the CEO Water Mandate, p. 58, weblink 138</li> <li>■ Reduction of water consumption, p. 58</li> </ul>

<p><b>Principle 9:</b> Diffusion of environmentally friendly technologies</p>	<ul style="list-style-type: none"> <li>■ Core business of Bayer Technology Services, Bayer Material-Science and Currenta, p. 6, 7, 20-22, 34, 45, weblink 40, 116</li> </ul>	<ul style="list-style-type: none"> <li>■ Use of waste material and climate gas carbon dioxide (CO<sub>2</sub>) from energy industry as alternative raw material for the production of high-quality plastics. A pilot plant has been taken on stream at the Chempark Leverkusen site to trial the new process on an industrial scale.             <ul style="list-style-type: none"> <li>■ Pre-treatment method for electronic scrap: special thermal pre-treatment method to recover valuable metals such as gold, silver and copper from old computer PCBs and cell phones, p. 61</li> <li>■ In the future, a climate-friendly method of chlorine production (oxygen depolarized cathode technology based on common salt) will make it possible to reduce the energy used in chlorine production by 30%, p. 22.</li> <li>■ Faster measurement of the groundwater level through an automated process using GSM data loggers – devices that store and transmit data recorded with sensors at the Chempark sites facing the Rhine in Germany. Gives immediate access to current data and enables faster reaction to extreme water events in the Rhine.</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>■ A new process at Baytown, United States, cuts our local greenhouse gas emissions by more than 64 percent. This is equivalent to 438,300 metric tons of CO<sub>2</sub> equivalents. Nitrous oxide emissions (N<sub>2</sub>O) accounted for the largest share of this. A new catalyst has been deployed in the site’s nitric acid manufacturing facility since October 2011, p. 56</li> <li>■ Climate-friendly method of chlorine production (oxygen depolarized cathode technology): demonstration plant taken into operation at the Krefeld-Uerdingen site in 2011 (capacity: 20 kilotons of chlorine per year), p. 22</li> </ul>
<p><b>Principle 10:</b> Measures to fight corruption</p>	<ul style="list-style-type: none"> <li>■ Corporate Compliance Policy and organization, p. 25</li> <li>■ Group anticorruption procedure updated, p. 25</li> <li>■ Code of Conduct for Responsible Lobbying, p. 28</li> <li>■ Bayer Responsible Marketing &amp; Sales Policy, p.11, 26</li> <li>■ Directive on Integrity &amp; Responsibility in Communications and Marketing, p. 36</li> <li>■ Ethical Criteria for Medicinal Drug Promotion of the WHO, p. 41</li> <li>■ Code of the “Voluntary Self-Monitoring by the Pharmaceutical Industry” (FSA) association, p. 41</li> <li>■ Supplier Code of Conduct, p. 31</li> </ul>	<ul style="list-style-type: none"> <li>■ Procurement management: risk analysis using the Bayer Country Sustainability Risk Index, p. 31</li> <li>■ Continuous information and training on the theme of compliance, p. 25</li> <li>■ Third party due diligences project started, p. 26</li> <li>■ Group compliance office and committee established</li> <li>■ Special training for Compliance Officers, p. 25</li> <li>■ The issue of corporate compliance is a permanent part of the performance targets agreed with the members of the Group Leadership Circle, p. 26</li> <li>■ Entry in lobby register of the E.U., p. 28</li> </ul>	<ul style="list-style-type: none"> <li>■ Corporate compliance training; 90% of managerial employees completed web-based compliance training, that is about 36 percent of the total workforce, p. 26</li> <li>■ Purchaser training sessions, p. 31</li> <li>■ Supplier training sessions on the Code of Conduct, assessments and audits: 361 assessed suppliers from 26 countries, with 104 additional country-specific assessments carried out in India. In 2011 we conducted 15 random audits to check the information provided by the suppliers in the supplier self-assessments, p. 31/32</li> <li>■ Use of the Bayer Country Sustainability Risk Index, p. 31</li> </ul>

### The four components of dimension 1:

Component	Content in our Sustainable Development Report (COP) including online-supplement and annual report	Reference pages and links
Full Coverage and Integration Across Principles	<p>Our commitment to sustainable development is expressed by our active participation in important international initiatives and associations such as the United Nations Global Compact (UNGC) and its "Corporate Sustainable Development Leadership (LEAD)" initiative, the Responsible Care® initiative of the of the chemical and pharmaceutical industry, World Business Council for Sustainable Development (WBCSD), the German industry's sustainable development forum econsense, several UNEP-forums (UNEP collaboration in the area of youth and environment, Sustainable Buildings and Climate Initiative, Climate Neutral Network) and the Global Reporting Initiative (GRI), which Bayer has been actively supporting as an organizational stakeholder since 2003.</p> <p>We furthermore respect the Universal Declaration of Human Rights and both United Nations covenants on human rights, the ILO's core labor standards, the OECD Guidelines for Multinational Enterprises, the German Corporate Governance Code, and the German Sustainability Code.</p> <p>The goal of our sustainability strategy is clearly defined: we want to create both business opportunities for our company and generate economic, ecological and social benefit through sustainability. We realize our goal of balancing ecological and social responsibility with corporate interests through the following elements:</p> <ul style="list-style-type: none"> <li>■ Our business <ul style="list-style-type: none"> <li>- Group strategy &amp; subgroups' business strategies</li> <li>- Sustainability Program addressing social challenges</li> </ul> </li> <li>■ Our License to operate <ul style="list-style-type: none"> <li>- Responsible business practices</li> <li>- Central issues: dialogue and commitment</li> </ul> </li> </ul> <p>A key element of our sustainability strategy is central management and strategic anchoring of the issue at the Management Board level. To underline the relevance of our commitment to this issue, the job description of Professor Plischke – the Management Board member who was already previously responsible for this area – was formally expanded on January 1, 2012, to include sustainability. The Corporate Center department Environment &amp; Sustainability – headed up by Dr. Wolfgang Grosse Entrup – reports directly to him in his function as the company's highest ranking sustainability officer. Dr. Grosse Entrup also chairs the Sustainable Development (SD) Committee that steers the operational implementation of sustainability within the company. This committee is comprised of the top-ranking sustainability officers in the subgroups, together with the heads of Corporate Development, Communications and Human Resources &amp; Organization.</p>	<p>p. 11f, 68, weblink 13</p> <p>p. 47, 68</p> <p>p. 11</p> <p>p. 12</p>

<p>Robust Management Policies and Procedures</p>	<p>Responsible business practices form the foundation of our operational business and are our license to operate. Bayer attaches great importance to responsible practices in the areas of compliance, human resources policy, product stewardship, health, safety and environmental protection, and supplier management. These issues are anchored in our business operations through internal Group management regulations. These regulations include above all our Human Rights Position including labor conditions, the Corporate Compliance Policy, the Responsible Marketing &amp; Sales Policy, our Supplier Code of Conduct, and our Water Position that was adopted in 2011.</p> <p>Regarding HSEQ (health, safety, environmental protection and quality) our goal is to achieve an appropriate and consistently high standard throughout the Bayer Group worldwide and to steadily improve it. To meet this goal, the company has established HSEQ management systems in all subgroups and service companies that are based on recognized international standards and are regularly reviewed and updated. The boards of management / executive boards of the respective subgroups and service companies and the corresponding line organizations bear operational responsibility for HSEQ.</p> <p>Targets and indicators serve to operationalize our sustainability strategy. To further integrate sustainability into our business activities, the Group committees responsible for sustainability in 2011 defined new, ambitious Targets 2015 (target climate protection until 2020) all along the value chain. We document these targets in the Performance Report of our SD-Report.</p> <p>In addition to these Group-wide committees and targets, our subgroups, regions and countries have created organizational structures focused on specific relevant issues, targets and measures.</p> <p>We report a set base of ESG (incl. HSE)-KPIs in the management report of our annual report as well as in our annual SD-Report. They are supplemented by Performance Indicators.</p> <p>Our reporting is aligned to the G3.1 guidelines of the Global Reporting Initiative (GRI). We cover all financial and non-financial core indicators corresponding to GRI level A+ and even additional indicators.</p> <p>The management of opportunities and risks at Bayer is an integral part of the Group-wide corporate governance system, not the task of one particular organizational unit. Sustainability aspects are included in risk management at Bayer because they play a part in safeguarding the company's value. Along with excellent product quality and corporate compliance, they form the basis for the long-term sustainability of our business operations and business success.</p> <p>Our ongoing training program for employees comprises a wide range of work-related programs. Group focuses are on Corporate compliance, Human rights, Supplier management / Supplier Code of Conduct, Process and Plant Safety</p>	<p>p. 11</p> <p>weblink 18, 47 Development of sustainability at Bayer and Integration of Sustainability at Bayer</p> <p>p. 62</p> <p>p. 12</p> <p>Front cover SD-Report and Annual Report, p. 126</p> <p>Back cover, Online SD-Report GRI Index</p> <p>p. 26</p> <p>p. 25/26, 31, 48, 52/53, 63 and weblink 130</p>
<p>Mainstreaming into Corporate Functions and Business Units</p>	<p>Prof. Plischke, <b>Management Board member of the board</b>, is in his function as CSO (Chief Sustainability Officer) supported by the steering body for sustainability in the Group, the SD Committee, in the implementation of the sustainability strategy across the Group. This also applies in specific terms to the corresponding sustainability-relevant targets, Group regulations and management systems. As the interface between stakeholder interests and Board decisions the committee assumes an important management role at Bayer. The exchange of information – including dialogue across departmental boundaries – takes place with the other committees for the areas of Health, Safety, Environmental Protection, Quality (HSEQ); Innovation; Industrial Operations; Technology; and Public and Governmental Affairs.</p> <p>The Sustainable Development Report documents the results annually.</p> <p>In addition to these Group-wide committees, our subgroups, regions and countries have created organizational structures focused on specific relevant issues, targets and measures.</p> <p>Integration of sustainability at Bayer on Group level, in general and regarding sustainability in particular, Subgroup and service company level (including regions and countries) is presented in the Internet</p>	<p>p. 12</p> <p>(see also: Full Coverage and Integration Across Principles)</p> <p>weblink 47</p>

<p>Value Chain Implementation</p>	<p>The comprehensive assessment of risks to health and the environment along the entire value chain of a product – from research and development through production, marketing and use by consumers to disposal – is a cornerstone of our sustainability strategy. The safe handling and use of our products lie at the focus of our activities, which also include transparent communication and distribution of our product safety information. Our sustainable actions include not just compliance with statutory requirements, but also our voluntary efforts.</p> <p>Regarding REACH e.g.: As Bayer also uses products from other manufacturers; we maintain close contacts with our suppliers and ensure that they confirm compliance with REACH for these products.</p> <p>Sustainability-based supplier management is strategically important for Bayer’s success as a company. To minimize potential sustainability-relevant risks originating from our distribution channels, we integrate our suppliers into our risk management system. We strive to achieve responsible conduct throughout our entire supply chain, as we want to enter into stable and long-term relationships with our business partners. This cooperation is based on our Supplier Code of Conduct, in which we document our sustainability principles and requirements.</p> <p>Supplier self-assessments and audits are used to check whether the demands made by the Bayer Supplier Code of Conduct are being implemented and complied with along the supply chain. Through various initiatives worldwide, such as a supplier day in Finland and the presentation of the BayBuy Awards in India, we want to create growing awareness among our suppliers about sustainability.</p> <p>Our Corporate Compliance Policy, the Group Management Board outlines the company’s clear commitment to corporate compliance and specifically states that it will forego any business that involves violating these principles. This policy contains i.e. commitments to fair competition, integrity in business dealings (i.e. zero tolerance for corruption), the principle of sustainability and product stewardship, the upholding of foreign trade laws and insider trading laws, proper record-keeping and transparent financial accounting, fair and respectful working conditions, and avoidance of all forms of discrimination.</p> <p>We further strengthened and increased the efficiency of our compliance organization in 2011/2012. In this connection, we are making our business partners more aware of their obligations too and will allow them this year to be subjected to a third-party due diligence process.</p> <p>Our ongoing training program for employees comprises a wide range of work-related programs. Group focuses are on Corporate compliance, Human rights, Supplier management / Supplier Code of Conduct, Process and Plant Safety</p>	<p>p. 36ff., weblink 72, 80, 82</p> <p>p. 37</p> <p>p. 31ff.</p> <p>p.25</p> <p>p. 3, 26</p> <p>p. 25/26, 31, 48, 52/53, 63 and weblink 130</p>
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<b>Strategic Social Investments and Philanthropy</b>		
<p>Pursue social investments and philanthropic contributions that tie in with the core competences or operating context of the company as an integrated part of its sustainability strategy</p>	<p>Social commitment is an established part of Bayer’s sustainability strategy and corporate policy. We consider ourselves part of society and see our commitment as living up to the role of a good corporate citizen. We view the promotion of worthy causes in the areas of education, health care, environment, sports and culture as a long-term investment in society’s future viability and as a contribution to a positive business environment.</p> <p>The Bayer Group’s social commitment is shaped by our three foundations: the research-oriented Bayer Science &amp; Education Foundation, the Bayer Cares Foundation, our foundation for the promotion of independent social initiatives, and the U.S.- based Bayer USA Foundation. Our subgroups and national companies also run their own projects. In 2011 Bayer set aside around €54 million for its social commitment activities.</p>	<p>p. 65-67, <a href="http://www.bayer-foundations.com">www.bayer-foundations.com</a> or <a href="http://www.bayerus.com/foundation/foundation_home.aspx">www.bayerus.com/foundation/foundation_home.aspx</a></p>
<p>Coordinate efforts with other organizations and initiatives to amplify – and not negate or unnecessarily duplicate – the efforts of other contributors.</p>	<p>The selection criteria for our provision of support are innovation capability, a sustainable effect and efficient project implementation. We focus on countries in which Bayer is represented and on issues that are of relevance to our subgroups and their areas of business, because it is here that we can offer not just financial support but also the involvement of our employees and our technical and commercial expertise. All project sponsoring is subject to the provisions of a Group-wide directive that establishes a framework for its content-related and strategic alignment, as well as for the proper handling of our funds.</p>	<p>p. 65</p>
<p>Take responsibility for the intentional and unintentional effects of funding and have due regard for local customs, traditions, religions, and priorities of pertinent individuals and groups.</p>	<p>No one can solve the global challenges of sustainable development alone. As the problems are closely interlinked, the approaches taken to solve these must be as well. What are needed are effective collaborations between countries, multilateral organizations, non-governmental organizations (NGOs), the scientific community and industry. We can only be successful in the long term through cooperation and through conduct that is commensurate with the requirements of our stakeholders. It is in our own interest to consistently align our portfolio to the challenges of the future and systematically pursue partnership-based collaborations that bring us closer to finding joint solutions.</p>	<p>p. 13</p>
<p>Take responsibility for the intentional and unintentional effects of funding and have due regard for local customs, traditions, religions, and priorities of pertinent individuals and groups.</p>	<p>As part of its ongoing aid programs, Bayer HealthCare, for example, again supported the World Health Organization (WHO) in 2011 in the fight against neglected tropical diseases and multi-resistant tuberculosis in China.</p>	<p>p.15</p>
<p>Take responsibility for the intentional and unintentional effects of funding and have due regard for local customs, traditions, religions, and priorities of pertinent individuals and groups.</p>	<p>As part of our global cooperation with the United Nations Environment Programme, which started in 2004, we organized a dozen environmental projects for young people and children in 2011.</p>	<p>p. 67</p>
<p>Take responsibility for the intentional and unintentional effects of funding and have due regard for local customs, traditions, religions, and priorities of pertinent individuals and groups.</p>	<p>As an international company, Bayer supports economic and social development in various ways in many parts of the world. We base our activities on where our customers are located, maintain production sites in all regions, invest in research and development, create jobs, forge supplier relationships and implement social needs activities at our sites around the world. Also, our purchasing volume represents a substantial economic development factor in many regions. In addition to business relations with customers and suppliers, Bayer also implements targeted social needs activities at its sites around the world.</p>	<p>p.29ff.</p>
<b>Advocacy and Public Policy Engagement</b>		
<p>Publicly advocate the importance of action in relation to one or more UN goals / issues.</p>	<p>With a number of initiatives and partnerships Bayer supports UN goals and topics like the MDGs, human rights, climate protection, food supply, the fight against corruption and maintaining biodiversity. see also: Dimension 2-Core business contribution to UN Goals and Issues</p>	<p>Focus Issues, p. 14-22; Management and Corporate Governance, p. 25 f., Ecology, p. 61f. weblink 143</p>
<p>Commit company leaders to participate in key summits, conferences, and other important public policy interactions in relation to one or more UN goals / issues.</p>	<p>In the past Bayer CEOs were involved in numerous activities with public recognition to promote UN goals and issues: Bayer is a founding member of the UN Global Compact and a founding member of UN Global Compact LEAD initiative.</p>	<p>Focus Issues, p. 14-22; Management and Corporate Governance, p. 25 f., Ecology, p. 61f. weblink 143</p>
<p>Commit company leaders to participate in key summits, conferences, and other important public policy interactions in relation to one or more UN goals / issues.</p>	<p>Bayer Executives have attended the UNGC Business Leaders’ Summit 2010, the UN Private Sector Forum 2011, have been speakers on the Nexus Conference in Bonn, the World Economic Forum Initiative: New Vision for Agriculture and more</p>	<p>Focus Issues, p. 14-22; Management and Corporate Governance, p. 25 f., Ecology, p. 61f. weblink 143</p>

Partnerships and Collective Action		
<p>Develop and implement partnership projects with public or private organizations (UN entities, government, NGOs, or other groups) on core business, social investments and/or advocacy.</p>	<p>In recent years, society has become much more aware of the importance of sustainability. A wide range of groups, e.g. consumers, job applicants and investors, attach importance to sustainability in global economic growth. They expect us as a company to make a substantial contribution to this goal. And we are working on doing just that – increasingly in cooperation with partners. We work with a broad range of partners and non-governmental organizations (NGOs) worldwide. We also cooperate with research institutes and universities, other companies and private and public institutions. In all these partnerships, the various partners bring their specific strengths and expertise to bear, thus ensuring a valuable end result.</p>	<p>Interview Prof. Plischke, p. 23</p>
	<p>It is essential for the future that we recognize the correlation between the various factors of a phenomenon and address the root causes of the major challenges of our time based on these findings. Of late the term “nexus” has emerged as a way to describe this type of comprehensive approach.</p>	<p>p. 13</p>
	<p>We are convinced that no one can solve the global challenges of sustainable development alone. As the problems are closely interlinked, the approaches taken to solve these must be as well. What are needed are effective collaborations between countries, multilateral organizations, non-governmental organizations (NGOs), the scientific community and industry. That is why Bayer places great value on constructive dialogue and specific cooperation with a large number of dedicated stakeholders.</p>	
	<p>As part of its “Access to Medicine (ATM)” strategy, Bayer HealthCare is cooperating with a number of private and state organizations. For example, we are involved in joint projects with USAID [20] (United States Agency for International Development) and non-governmental organizations such as the UNFPA (United Nations Population Fund).</p>	<p>p. 14f.</p>
	<p>One UN Millennium Development Goal is to tackle serious tropical diseases. Bayer concentrates primarily on neglected tropical diseases, working closely with the WHO in this regard.</p>	<p>p. 15</p>
<p>Join industry peers, UN entities and/or other stakeholders in initiatives that contribute to solving common challenges and dilemmas at the global and/or local levels with an emphasis on initiatives that extend the company’s positive impact on its value chain.</p>	<p>Bayer CropScience is also committed to partnerships and collaborations, including public-private partnerships. Our partners include the German Society for International Cooperation (GIZ), the World Economic Forum (WEF), the International Rice Research Institute (IRRI), Australia’s national research organization CSIRO and many other regional partners.</p>	<p>p. 18</p>
	<p>Bayer is also supporting the Sustainable Buildings and Climate Initiative of the U.N. Environment Programme (SBCI) as part of its EcoCommercial Building Program. In the future, research collaborations will play an even bigger role, especially with a view to energy efficiency in the material sector and the adjustment to climate change in the fields of agriculture and vector control.</p>	<p>p. 22, weblink 53</p>
	<p>Our commitment to sustainable development is expressed by our active participation in important international initiatives and associations such as the</p> <ul style="list-style-type: none"> <li>■ UNGC Caring for Climate,</li> <li>■ UNG CEO Water Mandate (Bayer on the steering committee)</li> <li>■ Responsible Care® initiative of the of the chemical and pharmaceutical industry</li> <li>■ World Business Council for Sustainable Development (WBCSD)</li> <li>■ econsense, the German industry’s sustainable development forum econsense (Chairman of the Board: Head of Group Area Environment &amp; Sustainability Corporate Center, Bayer AG)</li> <li>■ Several UNEP-forums: special UNEP collaboration in the area of youth and environment, Sustainable Buildings and Climate Initiative, Climate Neutral Network),</li> <li>■ World Economic Forum</li> <li>■ World Environment Center and more</li> </ul>	<p>p. 11. p. 68, weblink 53</p>
	<p>To effectively address the wide-ranging challenges of a sustainable supply chain and the constantly growing demands of stakeholder groups while at the same time identifying synergies, we joined the PSCI (Pharmaceutical Supply Chain Initiative) and founded together with other German MNEs a Chemical Industry Supply Chain Initiative. Among the goals are joint audits or an exchange of audit results.</p>	<p>p. 32</p>

### Dimension 3. Engaging with the UN Global Compact

Component	Content in our Sustainable Development Report (COP) including online-supplement and annual report	Reference pages and links
<b>Local Networks and Subsidiary Engagement</b>		
Contribute to the building and operating of at least one UN Global Compact Local Network and help elevate performance of other companies through training, mentoring, COP peer review, etc.	<p>As a globally operating company, we must and we intend to be a role model in our implemented values. Bayer was one of the first companies to join the United Nations Global Compact. We are expressly committed to its 10 principles, and also promote adherence to these principles as a signatory of the "Corporate Sustainability Leadership – LEAD" platform.</p> <p>Subsequent to the UNGC call for subsidiary engagement, we have encouraged our regional sustainable development coordinators to expand their local sustainability network by joining the local UNGC networks, as did our colleagues in India, China and Brazil. We have been already actively engaged in the German local network for many years.</p> <p>Our annual Sustainable Development Report provides clear and concise information on all issues that we and our stakeholders consider to be of relevance for sustainability. In our report, we have endeavored to ensure maximum transparency, clarity of layout and ease of verification.</p>	Bayer CEO Dr. Dekkers in Davos  Reporting profile, p. 68
Encourage subsidiaries to engage with UN Global Compact Local Networks and to participate actively in events and activities.	<p>Our reporting meets the requirements established in the internationally recognized G3.1 guidelines of the Global Reporting Initiative (GRI) and covers all financial and non-financial indicators corresponding to GRI level A+.</p> <p>Our reporting is also based on the content of the 10 principles of the UN Global Compact (UNGC), on the Blueprint for Corporate Sustainability Leadership, and on OECD guidelines.</p>	
Publish sustainability information related to each individual subsidiary separately or reference it explicitly in the Communication on Progress of Corporate Headquarters.	<p>We register the data of all relevant organizational units and companies worldwide that fall within the scope of the Bayer Group's consolidated financial statements. The HSE data cover all companies in which we have a holding of at least 50 percent. The performance indicators of these companies are fully consolidated regardless of Bayer's share in them.</p> <p>Data on occupational injuries, transport accidents and environmental incidents are captured worldwide at all sites of subgroups and service companies. Environmentally relevant indicators are recorded at all (production) sites. The information in our Sustainable Development Report 2011 also serves as a communication on progress report towards the UNGC principles.</p>	
<b>Global and Local Working Groups</b>		
Participate in relevant global or local working groups and share experiences, networks, tools and good practices with other UN Global Compact participants.	<p>Bayer is an active member of the UN Global Compact and UN Global Compact LEAD, on a global as well as on a national level. Our representatives contribute to initiatives, workshops, working groups, webinars and symposia.</p> <p>Company representatives, for example, were actively engaged in a number of initiatives and symposia of the UN Global Compact and UN Global Compact Lead such as the UNGC Business Leaders' Summit 2010, the UN Private Sector Forum 2011 and LEAD symposia in Atlanta and Berlin in 2011.</p>	p. 3
Take active part in defining scope and objectives of new working groups when relevant.	<p>Bayer is an active member of the UN Global Compact and Global Compact LEAD Task Forces 'Communicating Corporate Sustainability Leadership' and 'Strategic Social Investments and Philanthropy.'</p> <p>German LEAD companies are forming an informal group to exchange experiences.</p>	

<b>Issue-Based and Sector Initiatives</b>		
Join and help advance one or more existing UN Global Compact initiatives, e.g. Caring for Climate, CEO Water Mandate, Women's Empowerment Principles, and Global Business Initiative on Human Rights.	<p>We joined the Caring for Climate Initiative in 2008 and help advance the goals. Bayer supports the CEO Water Mandate signed at the end of 2008. We have been represented on the Steering Committee since 2011. In cooperation with our stakeholders, we develop sustainable strategies for the use of water, implement appropriate solutions and report on the progress made. In December 2011 Bayer adopted a Water Position as part of its sustainability strategy.</p> <p>In 2009 Bayer joined the UNEP Climate Neutral Network, which promotes industrial structures and societies with low CO<sub>2</sub> emissions. To help reduce greenhouse gas emissions from buildings worldwide, Bayer is also supporting the Sustainable Buildings and Climate Initiative of the U.N. Environment Programme (SBCI) as part of its EcoCommercial Building Program. Bayer MaterialScience hosted the Annual General Meeting of the Sustainable Building and Climate Initiative (SBCI) of the United Nations Environment Programme (UNEP) and the subsequent symposium in May 2011.</p> <p>Bayer's partnership with the United Nations Environment Programme (UNEP) in the area of youth and environment, which has existed since 2004, has set standards in public-private partnerships.</p>	<p>p. 58, Weblink 18</p> <p>Report weblink 13, 53</p>
Spearhead need-driven development of new issue based or sector initiatives within the UN Global Compact and the wider United Nations.	<p>Bayer's partnership with the United Nations Environment Programme (UNEP) in the area of youth and environment, which has existed since 2004, has set standards in public-private partnerships.</p>	p. 67
<b>Promotion and Support of the UN Global Compact</b>		
Advocate the UN Global Compact to business partners, peers and the general public.	Promoting the UN Global Compact idea is an integral part of our sustainability communication: we advocate the UNGC on our Group-website "Sustainability and commitment," on our subgroup websites and regional Bayer websites, in presentations and speeches at national and international conferences and workshops, news releases, stockholders' newsletters.	<p><a href="http://www.bayer.com/en/Global-Compact.aspx">http://www.bayer.com/en/Global-Compact.aspx</a></p> <p><a href="http://www.bayerhealthcare.com/scripts/pages/en/commitment/sustainability/the_global_compact_initiative/index.php">http://www.bayerhealthcare.com/scripts/pages/en/commitment/sustainability/the_global_compact_initiative/index.php</a></p> <p><a href="http://www.aktionaersbrief-q1-2011.bayer.de/de/global-compact-initiative.aspx">http://www.aktionaersbrief-q1-2011.bayer.de/de/global-compact-initiative.aspx</a></p> <p><a href="http://www.mybayerjob.com/en/whybayer/strengths/responsiblecare/">http://www.mybayerjob.com/en/whybayer/strengths/responsiblecare/</a></p> <p><a href="http://www.annual-report2011.bayer.com/en/global-commitment-to-sustainability.aspx">http://www.annual-report2011.bayer.com/en/global-commitment-to-sustainability.aspx</a></p>
Encourage suppliers and other business partners to join the UN Global Compact, and take on mentoring role on issues related to the initiative	<p>We promote adherence to the UNGC principles through our annual Sustainable Development Report to a variety of international stakeholders.</p> <p>We refer to our UNGC commitment in communication with our customers, but also suppliers and analysts. In our Supplier Code of Conduct, for example, we refer to Bayer as a company seeking to modify operations and strategies to meet the 10 universally accepted principles in the areas of human rights, labor, the environment and anti-corruption and state that Bayer expects all of its suppliers to share the principles. Being a member of the UNGC gives credit to suppliers in an assessment.</p>	
Participate in activities to further develop and strengthen the UN Global Compact.	For many years, we have contributed to both the UNGC International Yearbook and the Global Compact Germany Yearbook, which both showcase corporate sustainability through business practices.	

4. Blueprint Overlay: The Cross Cutting Components

Component	Content in our Sustainable Development Report (COP) including online-supplement and annual report	Reference pages and links
<b>CEO Commitment and Leadership</b>		
<p>CEO publicly delivers explicit statements and demonstrates personal leadership on sustainability and commitment to the UN Global Compact</p>	<p>Bayer CEO, Dr. Dekkers: "We are happy to meet the United Nations' request to play an active role in this important UN initiative," stated Chairman of the Bayer Board of Management Dr. Marijn Dekkers. "At Bayer, sustainability is an integral part of the corporate strategy. With our products and know-how we want to make specific contributions to meeting global challenges such as health care, nutrition and climate change. The Global Compact provides an ideal forum for coming to an understanding on companies' responsibility for sustainable development and for jointly devising new ways of implementing continuous improvements – and the LEAD platform is a suitable tool for setting standards," Dekkers added, who had been attending the World Economic Forum in Davos.</p> <p>"Sustainability is a key element of Bayer's core business and this is true in more ways than one. Firstly, we are committed to managing our business sustainably, this means with the long term in mind and in balance with social and environmental needs. Secondly, our portfolio offers a variety of approaches to meet the major challenges of sustainable development throughout the world. Health care, nutrition, climate protection and resource efficiency are some of the biggest global challenges we are facing and they are becoming even more pressing as the world population steadily grows.</p>	<p>Bayer CEO Dr. Dekkers in Davos</p> <p>Dr. Dekkers in the Business Roundtable Report 2012</p>
<p>CEO promotes initiatives to enhance sustainability of the company's sector and leads development of industry standards.</p>	<p>Innovation is Bayer's driving force and the basis for our success as an inventor company. For us, innovation is what drives sustainability, too. That's why we make systematic use of innovative business models and partnerships, providing to more and more people access to our products and opening up new markets and growth opportunities. For example, we are working with the international aid organization USAID in Africa to enable women to make use of contraceptives.</p> <p>In the future, food supplies will depend to a greater extent on managing the entire food chain sustainably. This is precisely what we are already doing, for example, in the cultivation of vegetables in India, where we are helping farmers meet the increasing quality requirements of retailers and consumers.</p>	
<p>CEO leads executive management team in development of corporate sustainability strategy, defining goals and overseeing implementation.</p>	<p>Climate change and limited natural resources make energy efficiency a key tool for effective climate protection and an important competitive factor. We are constantly committed to enhancing the energy efficiency of our production processes, which means cutting CO<sub>2</sub> emissions and costs at the same time. We are also offering the market innovations, such as a new chlorine production technology that reduces energy use by 30 percent. What is still too little known is the role chemical products play as problem solvers in our daily lives. For example, high-tech plastics in building insulation help save 70 times the energy used in their production.</p> <p>In our business practices, we attach special importance to the areas of compliance, human resources, product stewardship, employees' health, safety and supplier management. For us, sustainable corporate practices also include open dialogue with all stakeholders and social commitment.</p> <p>It is especially important to me that we live and breathe the principle of sustainability. This is a constant in Bayer's corporate culture and closely linked to our mission: Science for a Better Life. (Dr. Dekkers to the Business Roundtable 2012)</p>	
<p>Make sustainability criteria and UN Global Compact principles part of goals and incentive schemes for CEO and executive management team.</p>	<p>Sustainability in our subgroups and service companies: quotations by all CEOs</p> <p>For Bayer, sustainability essentially means future viability and is therefore an integral part of our business strategy. The goal of our sustainability strategy is clearly defined: we want to create both business opportunities for our company and generate economic, ecological and social benefit through sustainability.</p> <p>Together with our value concept LIFE, our mission forms the basis of our sustainable actions. The Bayer Sustainable Development Policy formulates our common understanding of sustainability that applies to all subgroups and service companies worldwide. This SD Policy is based upon the Bayer Group values and leadership principles. It is supported by commitments, e.g. to the Global Charter Responsible Care and the UN Global Compact. In the preamble to our Bayer Human Rights Position we refer to supporting the United Nations' Universal Declaration of Human Rights and a number of globally recognized declarations for multinational enterprises. We also fully endorse the principles of the United Nations Global Compact initiative. Promoting human rights standards internally and throughout all of Bayer's business operations is in line with our company's values and leadership principles and our Sustainable Development Policy.</p>	<p>p. 6-7</p> <p>p. 11</p>

<b>Board Adoption and Oversight</b>		
<p>Board of Directors (or equivalent**) assumes responsibility and oversight for long term corporate sustainability strategy and performance.</p>	<p>A key element of our sustainability strategy is central management and strategic anchoring of the issue at the Management Board level. To underline the relevance of our commitment to this issue, the job description of Professor Plischke – the Management Board member who was already previously responsible for this area – was formally expanded on January 1, 2012, to include sustainability. The Corporate Center department Environment &amp; Sustainability – headed up by Dr. Wolfgang Grosse Entrup – reports directly to him in his function as the company’s highest ranking sustainability officer. Dr. Grosse Entrup also chairs the Sustainable Development (SD) Committee that steers the operational implementation of sustainability within the company. This committee is comprised of the top-ranking sustainability officers in the subgroups, together with the heads of Corporate Development, Communications and Human Resources &amp; Organization. The committee’s tasks include identifying and evaluating sustainability-relevant opportunities and risks for the company, as well as establishing objectives, initiatives and suitable Group management regulations and monitoring their implementation. Targets and indicators serve to operationalize our sustainability strategy. To further integrate sustainability into our business activities, the Group committees responsible for sustainability in 2011 defined new, ambitious targets to be achieved through 2015 all along the value chain. We document the development of these targets in the relevant chapters of the Performance Report. In addition to these Group-wide committees and targets, our subgroups, regions and countries have created organizational structures focused on specific relevant issues, targets and measures.</p>	<p>p. 12  weblink 18, 47</p>
<p>Board establishes, where permissible, a committee or assigns an individual Board member with responsibility for corporate sustainability</p>	<p>Professor Wolfgang Plischke, member of the Bayer Board of Management responsible for Innovation, Technology and Sustainability and for the Asia / Pacific region, and Dr. Wolfgang Grosse Entrup, Head of Environment &amp; Sustainability at Bayer AG and of the Sustainable Development (SD) Committee, do the final check of the Bayer Sustainable Development Report.</p>	<p>p. 12</p>
<p>Board (or committee), where permissible, approves formal reporting on corporate sustainability (Communication on Progress).</p>	<p>Professor Wolfgang Plischke, member of the Bayer Board of Management responsible for Innovation, Technology and Sustainability and for the Asia / Pacific region, and Dr. Wolfgang Grosse Entrup, Head of Environment &amp; Sustainability at Bayer AG and of the Sustainable Development (SD) Committee, do the final check of the Bayer Sustainable Development Report.</p>	<p>p. 12</p>
<b>Stakeholder Engagement</b>		
<p>Publicly recognize responsibility for the company’s impacts on internal and external stakeholders.</p>	<p>As a socially engaged, globally operating company, we know that open and transparent dialogue with all our stakeholder groups is essential. We are convinced that we cannot achieve long-term acceptance for our business activities without this regular discourse with our stakeholders. We therefore seek targeted dialogue with our stakeholders at the local, national and international levels. What are needed are effective collaborations between countries, multilateral organizations, non-governmental organizations (NGOs), the scientific community and industry. That is why Bayer places great value on constructive dialogue and specific cooperation with a large number of dedicated stakeholders. We can only be successful in the long term through cooperation and through conduct that is commensurate with the requirements of our stakeholders. This dialogue with our stakeholders reveals among other things potential for development and leads to specific research and development projects.</p>	<p>SD Report 11, 13, 27, Online Report 53</p>
<p>Define sustainability strategies, goals and policies in consultation with key stakeholders.</p>	<p>We take account in our sustainability strategy of the expectations of our stakeholder groups. This basic understanding includes above all the efforts on behalf of our employees, the discourse between industry, the scientific community, society and politicians and our social needs activities.</p>	
<p>Consult stakeholders in dealing with implementation dilemmas and challenges and invite them to take active part in reviewing performance.</p>	<p>The interests of our stakeholders are not always identical with those of the company. Rather, they occasionally harbor a certain potential for conflict against the background of which Bayer must find flexibility in decision-making. Our dialogue with our stakeholders is aimed at establishing mutual understanding and trust by enabling all parties involved to voice their positions. Dialogue helps us to more clearly identify potential challenges and view them from various perspectives. We want cooperative and constructive dialogue to create value for all partners: the suggestions of our stakeholders serve as important impulses for our company and help us to avoid risks, as well as to recognize at an early stage both trends and markets – and thus also to define focus areas for our activities.</p>	
<p>Establish channels to engage with employees and other stakeholders to hear their ideas and address their concerns, and protect ‘whistle-blowers’.</p>	<p>We regard systematic dialogue with our stakeholders as the essential global basis for building mutual understanding. In this way we want to create confidence in our activities. In discourse with representatives of our stakeholder groups, we openly explain viewpoints and courses of action to one another. Together, we identify challenges and analyze them from various perspectives. In part through regular surveys, we determine which issues are particularly important to our stakeholders. An overview of our most important stakeholder groups and their main areas of interest can be found in our SD Report 2011 on p. 28 and in the Online Report link 54, for example Stakeholder Dialogue with different groups.</p>	

Transparency and Disclosure		
<p>Share sustainability information all interested parties and respond to stakeholder inquiries and concerns. other methods for stakeholders.</p>	<p>Our Sustainable Development Report provides clear and concise information on all issues that we and our stakeholders consider to be of relevance for sustainability.</p> <p>Our reporting meets the requirements established in the internationally recognized G3.1 guidelines of the Global Reporting Initiative (GRI) and covers all financial and non-financial indicators corresponding to GRI level A+.</p> <p>Our reporting is also based on the content of the 10 principles of the UN Global Compact (UNGC), on the Blueprint for Corporate Sustainability Leadership, and on OECD guidelines.</p>	<p>Reporting profile and p. 68  <a href="http://www.sustainability2011.bayer.com">http://www.sustainability2011.bayer.com</a></p>
<p>Ensure that Communication on Progress covers all aspects of the Leadership Blueprint and utilize, where appropriate, the Global Reporting Initiative framework.</p>	<p>Our SD reporting aims to provide our stakeholders with comprehensive, transparent and succinct information.</p> <p>The concerns of our business partners and employees, together with those of stockholders, non-governmental organizations, suppliers, authorities and the general public, form the basis of our reporting. They provide us with crucial impetus for our sustainability strategy.</p>	
<p>Integrate Communication on Progress into annual financial report or publish them together.</p>	<p>We publish further information about sustainability issues on the internet. The information in our Sustainable Development Report 2011 also serves as a progress report on implementation of the 10 principles of the United Nations Global Compact and takes into consideration the Blueprint for Corporate Sustainability Leadership. The report has been approved by the Board.</p>	<p>Annual Report, p. 119-131</p>
<p>Secure external verification of Communication on Progress or seek other methods for legitimization by external stakeholders.</p>	<p>Sustainability – which to us essentially means future viability – forms an integral part of our business strategy. Therefore sustainability is an integral part of the management report in our Annual Report.</p> <p>The auditing company Ernst &amp; Young reviewed the data capture process and statements made in the entire Sustainable Development Report, both the printed version and the additional online content, to verify that they are consistent, appropriate and plausible (see page 69f.).</p> <p>GRI statement and GRI Index with reference to the UNGC principles can be found in the Report (back cover) and online.</p>	