

# At a Glance

Sustainability at Bayer

2009



Science For A Better Life

## Assuming global responsibility

Bayer is a global enterprise with core competencies in the fields of health care, nutrition and high-tech materials. Our products and services are designed to benefit people and improve their quality of life. At the same time, we want to create value through innovation, growth and high earning power.

Our overriding goal is to operate both successfully and sustainably. For us that means achieving commercial success on the basis of solid business models in a way that is compatible with meeting the needs of our employees and society and protecting the environment and natural resources. In this we are committed to the tenets of sustainable development and to the 10 principles of the UN Global Compact.



“Bayer can look back on a long and successful tradition of sustainable business management. We have now transferred our existing activities along with new approaches into an integrated concept. For us as an inventor company this means finding innovative strategies, products and solutions to deal with the pressing issues of the future. In short, we intend to achieve sustainability in everything we do.”

Werner Wenning, Chairman of the Board of Management of Bayer AG

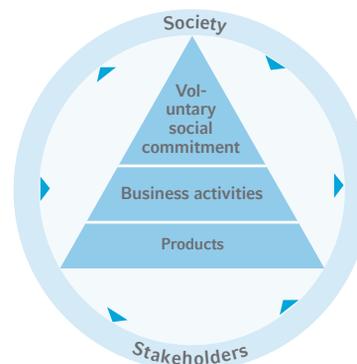
Our mission statement “Bayer: Science For A Better Life” summarizes the Group’s vision, strategy and values. It serves as a basis for the day-to-day activities of all employees. In this statement we also express our clear commitment to the principles of sustainable development, and to our role as a socially and ethically responsible corporate citizen. Sustainable development is a key component of our values and leadership principles.

Our values
A will to succeed
A passion for our stakeholders
Integrity, openness and honesty
Respect for people and nature
Sustainability of our actions

## Our sustainability strategy

It is the overriding goal of Bayer’s sustainability strategy to allow the company to be guided by long-term values. We want to balance successful, sustainable development with social needs and goals.

### The concept behind our sustainability strategy



Bayer is committed to sustainable development. We want to meet this commitment on three levels:

1. Through our products and innovations, which are the heart of our business. These are designed to benefit people and improve their quality of life.
2. Through our business activities, i.e. how we run our business. We want to act responsibly across the entire value-added chain – toward all our stakeholders, especially our employees, customers, suppliers and stockholders.
3. Through our social commitment: our foundations and voluntary social activities. We also want to meet our responsibility to society by becoming socially involved as a good corporate citizen.

As part of society, we are influenced by social trends, needs and goals, as are our markets. To become more familiar with these and incorporate them into our business strategies, we are involved in a close exchange with our stakeholders.

## Our sustainability management

Our Group-wide sustainability strategy is controlled by a top management committee headed by the member of the Group Management Board responsible for Innovation, Technology and Environment. It is made up of one member each of the executive committees/boards of management of the subgroups, the chairmen of the executive boards/managing directors of the service companies and the heads of six Corporate Center departments. The committee is supported and advised by the Community Council for Sustainable Development chaired by the Head of the Environment & Sustainability Department.

This committee defines annual goals, oversees the implementation of measures and adopts corresponding Group directives. The sustainability objectives of the Group and of the subgroups are documented in our Sustainability Program 2006+ (see Sustainable Development Report 2008, p. 104–111).

### Our policy guidelines

Bayer’s sustainability management is based on long-term values and clear guidelines. Our mission statement “Bayer: Science For A Better Life” is reinforced by internal Bayer policy guidelines and positions and by our voluntary commitments to international sustainability initiatives.

Voluntary commitments	Selected positions and policy guidelines
<input type="checkbox"/> Responsible Care Initiative <input type="checkbox"/> UN Global Compact <input type="checkbox"/> World Business Council for Sustainable Development	<input type="checkbox"/> Sustainable Development <input type="checkbox"/> Human Rights <input type="checkbox"/> Corporate Compliance <input type="checkbox"/> Nanotechnology and Gene Technology <input type="checkbox"/> Biomonitoring <input type="checkbox"/> Responsible Lobbying

To raise awareness of legal compliance and corporate responsibility among its workforce, Bayer updated its compliance program in 2008. The new Corporate Compliance Policy highlights the fact that principles such as a strict ban on corruption and anti-competitive practices, fair and respectful working conditions and the protection of intellectual property

rights are core aspects of compliance at Bayer. Furthermore, in 2009 a Group-wide code of conduct for responsible lobbying came into effect that binds all lobbyists and consultants of the company to clearly identify themselves as such and to represent the company’s business interests. In 2008–2009, we also further optimized our strategy for implementing sustainability in purchasing and developed basic sustainability standards that form a code of conduct for our suppliers.

### Our standards

Our Group-wide directives provide a clear and unified framework of action for all parts of the company. In addition, the subgroups enact systems and rules that address their specific requirements.

To ensure uniformly high health, safety, environmental protection and quality standards, Bayer has established HSEQ management systems in all subgroups and service companies that are aligned to acknowledged international standards (see table). The HSE data are pooled via the Group-wide site information system BaySIS®. Through continuous updating and expansion of HSEQ directives and through internal audits, each organizational unit ensures that its management systems meet the specific requirements.

Bayer production sites with certifications and audits (in %)		
	2007	2008
Certified to ISO 14001 or validated to EMAS standards	33	34
HSE management system based on other external standards*	10	21
Certified to OHSAS 18001	8	8
Sites with a Bayer-audited HSE management system	64	77

\*e.g. the Responsible Care Management System in the United States, the Agrichemical Warehousing Standards and CropLife Manufacturing Code of Practice in Canada, and Industria Limpia (Clean Industry) in Mexico; see also the Sustainable Development Report 2008, p. 51 f.

All subgroups and service companies have the quality management systems that their business necessitates. Quality standards and norms are often defined on a branch-by-branch basis.

## Promoting sustainable development worldwide

Sustainable development forms an integral part of Bayer's corporate policy, which is geared toward long-term success and high-quality solutions. In the long term, we can only ensure business success if we take social needs and environmental aspects into account as well as economic considerations. Our responsibility for humankind and the environment extends across all businesses and countries, and our focus lies specifically in those areas where the challenges we face and our responsibility are the greatest.

### Responsible use of natural resources

Protecting the environment and natural resources has always been extremely important to Bayer. We are constantly on the lookout for solutions that achieve cost-effective growth without an associated increase in the use of resources and in the generation of emissions and waste. In order to protect nature, the environment and the climate, we are committed to leveraging our expertise in technologies and innovative products.

#### ***Efficient water management***

*A key component of our environmental commitment is water pollution control. By signing the UN Global Compact "CEO Water Mandate" at the end of 2008, Bayer undertook to develop strategies and solutions for sustainable water management in cooperation with the international community. Our products and services already make a major contribution to efficient water management and water pollution control in many parts of the world. We are committed to reducing the volume of water used in our production processes, steadily increasing the amount of water we recycle and optimizing our wastewater management system.*

### Obligations to our employees

The tremendous commitment of our employees plays a central role in ensuring the success of our business. Bayer therefore maintains a responsible human resources policy that is characterized by extensive training offers for young people and a wide range of services for our workforce. Our employees benefit from a superior selection of continuing education opportunities, a high degree of social provision and fair and healthy working conditions.

#### ***Responsible human resources policy***

- *Workplace safety*
- *Training and continuing education*
- *Social provision*
- *Health management*
- *Equality of opportunity*

Our global commitment to respecting the rights of employees is set out in our Human Rights Position. Bayer offers equal opportunities to all employees – regardless of gender, color, religion or sexual orientation. With our dedicated strategy we want to specifically encourage diversity in our workforce and to enable our employees to become fully involved and develop their talents in an environment free of discrimination. To help our employees combine professional development with their personal lives, we offer a wide range of flexible worktime systems.

### Product stewardship

For us, sustainability also entails rigorously avoiding risks that could arise as a result of the manufacture, application or disposal of our products. We consider the safety and compatibility of our products to have top priority in all fields and countries in which we are active. We therefore inspect and monitor all Bayer products in applications known to us with regard to potential health, safety, environmental and quality (HSEQ) risks. Our product stewardship activities cover the entire value chain. Since 1994, we have aligned ourselves to the voluntary Responsible Care initiative of the chemical and pharmaceutical industries, and to the revised Global Charter of that initiative

issued in 2006. Should health and environmental risks arise in relation to our products, we restrict the marketing of these products or discontinue them altogether.

### Implementation of REACH

*As prescribed by the E.U.'s REACH chemicals regulation, Bayer has pre-registered more than 1,000 substances with the European Chemicals Agency (ECHA) in Helsinki. As the next stage, it will now be necessary, by 2010, to compile registration dossiers for substances required in particularly large amounts. For the registration of these substances Bayer strives to form consortia with its competitors to promote the exchange of data and avoid the need for additional animal studies.*

We are aware of our particular responsibility for our products in countries of the Third World where products such as crop protection agents may not always be used correctly. Here, Bayer CropScience endeavors to ensure safe handling through a wide range of training activities for users, dealers and other target groups. WHO Class I products are systematically being replaced. This is being accomplished, for example, by developing and introducing new active substances, products, application technologies and types of packaging.

Product stewardship applies to all our products, but especially with respect to future-oriented technologies: With our positions on

- Gene technology and
- Nanotechnology

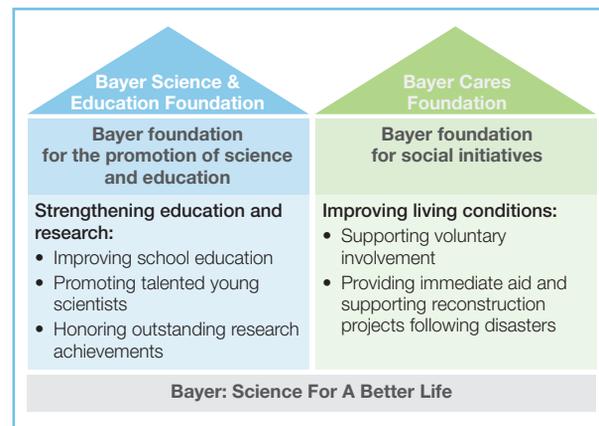
we have defined clear directives, and we carry out risk assessments for all phases of the life cycle.

We also observe stringent guidelines in the marketing of our products. This applies particularly to medical products, an area in which we commit to national and international codes that ensure ethical conduct in cooperation between the pharmaceutical industry and medical and pharmaceutical specialist groups.

## Corporate social responsibility

Our voluntary corporate social responsibility is a central element of our sustainability concept, alongside the sustainable shaping of our value added chain and our products and services. Through this commitment we aim to contribute to the improvement of living conditions and create opportunities for the future, in keeping with our mission statement "Bayer: Science For A Better Life." In 2008, we made available approximately €50 million in funding for the many social projects, some longstanding, that Bayer organizes and supports in numerous regions of the world. Our commitment focuses on four key areas of support:

- Education and research
- Environment and nature
- Health and social needs and
- Sports and culture



Since 2004, Bayer has maintained a successful partnership with the United Nations Environment Programme (UNEP) in the area of youth and environment, the first private-sector partner involved in such a collaboration. Every year the partners run a dozen environmental projects for children and young people around the world.

## The Bayer Sustainability Program

The world is facing some major challenges, the greatest of all being the growth in the world's population and the related issues of increasing life expectancy, health care, food supply, energy efficiency and effective climate protection. We need to face up to these challenges and overcome them through political, community-based and business partnerships – at both a national and an international level.

Many of the Group's products are already playing a role in essential sustainability aspects and in the Millennium Development Goals of the United Nations (UN).

In order to ensure that Bayer's expertise can be used to the greatest possible effect, we are looking to align our core business even more systematically than before to sustainable development criteria. In implementing our sustainable development strategy, we concentrate on three clear focal points in our new Bayer Sustainability Program – alliances for sustainable health care, partnerships to provide more quality food, and solutions for climate protection and resource use.

Challenge	Global access to health care	Nutrition for a growing population	Climate and environmental protection
Focus	Health care alliances for SD	More quality food	Solutions for climate protection and resource use
Projects	<ul style="list-style-type: none"> <li>■ Family planning</li> <li>■ Neglected diseases</li> </ul>	<ul style="list-style-type: none"> <li>■ Food chain partnership for vegetables</li> <li>■ Direct-seeded rice</li> </ul>	<ul style="list-style-type: none"> <li>■ EcoCommercial Building program</li> <li>■ Energy efficiency</li> <li>■ Resource efficiency</li> </ul>

More detailed information can be found at [www.sustainabilityprogram.bayer.com](http://www.sustainabilityprogram.bayer.com)

## The Bayer Sustainability Program



**Medical provision:** The aim is to facilitate access to drugs and health services for people all over the world.

### Alliances for sustainable health care

Improving maternal health and reducing child mortality, especially in the developing and newly industrializing countries, are two of the eight UN Millennium Development Goals. The pursuit of these goals is becoming ever more pressing due to global population growth. Our “Family Planning” lighthouse project aims to play a key role in enabling people to take control of their family planning decisions, wherever in the world they live. We are working with public institutions and NGOs to initiate contraception awareness and education projects and improve access to modern contraceptive methods. Bayer intends to double the scope of its activities in this area by 2012, working with partners such as the USAID (United States Agency for International Development) to provide oral contraceptives for 100 million monthly cycles. We are also strongly committed to “neglected diseases.” For example, we have joined forces with WHO, the World Health Organization, to develop approaches to tackle Chagas disease and African sleeping sickness. By offering our products at reduced prices and providing health care expertise under these partnerships, we are also establishing a presence on markets in newly industrializing and developing countries.

### Partnerships to provide more quality food

According to UN studies, the world's population will grow by around three billion between now and 2050. In order to

## The Bayer Sustainability Program

safeguard future food supplies, Bayer is promoting innovative concepts for sustainable agriculture. Food chain partnerships are a key part of this commitment. The aim of the projects is to network key players along the entire value added chain – from producers to consumers. One of these food chain partnerships has been selected as a lighthouse project. In order to improve vegetable cultivation in India, we are helping the farmers involved in the project ensure greater compliance with the high local and international quality criteria, thereby making their incomes more secure. By 2011, we aim to be helping 65,000 small-scale farmers under the project.



**Safeguarding nutrition:** Food chain partnerships should help secure food supplies in the future.

The aim of our second lighthouse project is to improve the cultivation of rice in Indonesia. A new cultivation method combined with integrated provision of seeds, crop protection products and training is improving yields and generating a higher income for the farmers and their families.

### Solutions for climate protection and resource use

The Bayer Climate Program launched in 2007 not only demonstrates the Group's active global commitment, it also unlocks new economic potential. Energy efficiency is one of the greatest challenges when it comes to protecting the climate.

## The Bayer Sustainability Program



**Climate protection:** The Bayer CropScience child care center in Monheim, Germany, is an example of an EcoCommercial Building.

One of the lighthouse projects in the Bayer Sustainability Program is therefore the EcoCommercial Building program, which is an integrated program for zero-/low-emission buildings. The aim is to bring together businesses along the entire value added chain in order to provide those in charge of commercial and public building projects with an integrated construction concept that is sustainable, environmentally friendly and cost-effective. Our high-quality building insulation materials, more lightweight constructions and waterborne coating raw materials are ideal for these new, growing markets.

Our successful commitment to energy efficiency is also reflected in two further lighthouse projects – our innovative energy management system STRUCTese® and a further new climate-friendly chlorine manufacturing process that we have developed.

Another lighthouse project focuses on process-oriented optimization of resource efficiency. Innovative technologies to reduce energy, water and raw material use along with waste and emissions are supporting this approach.

## Sustainable investment

Our achievements with respect to sustainability are recognized the world over. Bayer also scores positively in sustainability-oriented ratings. For many years, Bayer stock has been included in important sustainability indices and funds. We see this as a clear acknowledgement of our commitment to sustainable development and our corporate strategy:



Bayer has been featured continuously in the Dow Jones Sustainability Index World since 1999.

### CARBON DISCLOSURE PROJECT

In 2009, the Group was rated in the global Carbon Disclosure Leadership Index (CDLI) as the world's best company. Bayer is the only European chemical and pharmaceutical company to have been listed in the CDLI five times in succession.



Continuous listing since introduction of the index series in 2001.



"Best in Class" status since 2003.

Detailed information on our current ratings and rankings can be found on our website <http://www.bayer.com/en/ratings-ranking-awards.aspx>

## Our reporting

Our annual Sustainable Development Report and the website [www.sustainability2008.bayer.com](http://www.sustainability2008.bayer.com) provide comprehensive information on sustainable development at Bayer. Through these media we endeavor to give a transparent description of the economic, ecological and social challenges that are linked to our operations and show the strategies and solutions that we are applying to meet these. We have allowed the data and statements in the focus issue articles and in our performance report to be reviewed and certified by independent auditors.

Our reporting is based on our dialogue with our stakeholders, who include employees, customers, suppliers and investors. Of equal importance to Bayer are the interests of our direct neighbors at our sites and of non-governmental organizations (NGOs), public administration and politicians, and representatives of academia. The goal of our dialogue is to familiarize ourselves with the information needs of our stakeholders and to take account of these in our sustainability projects. We determine whether our reporting meets the approval of our stakeholders by carrying out regular surveys, for example. You can give your opinion of the current report at [www.survey.sustainability.bayer.com](http://www.survey.sustainability.bayer.com).

Our Sustainable Development Report 2008 complies with the current guidelines of the Global Reporting Initiative (GRI), achieving level A+, and covers all of the indicators recommended by the GRI. In a progress report we annually outline our activities, management systems and achievements in the reporting year with respect to the implementation of the 10 principles of the UN Global Compact.

### Guidelines for our reporting



## Key figures at a glance

Bayer is committed to the concept of sustainable development: Economic, ecological and social matters are goals of equal rank in our corporate policy. To implement this balance worldwide, we have developed effective steering mechanisms and defined specific goals by which we measure ourselves. Since 2007, we have summarized the company's main sustainability indicators and related information in a performance report which you can read in the Bayer Sustainable Development Report 2008, starting at page 48, or at [www.sustainability2008.bayer.com](http://www.sustainability2008.bayer.com).

Category	Key Performance Indicator	2007	2008
<b>Key economic data (in € million)</b>			
	Net sales	32,385	32,918
	Income after taxes	4,716	1,724
	Capital expenditures*	1,891	1,982
	Research and development expenses	2,578	2,653
	Personnel expenses (incl. pension expenses)	7,571	7,491
	Pension obligations**	15,022	14,910
	Net debt (total)	12,184	14,152
	Volume of products sold (in million metric tons)	10.6	10.0
<b>Employees and society***</b>			
Employment	Europe	56,200	55,500
	North America	16,800	17,000
	Asia/Pacific	18,900	20,800
	Latin America/Middle East/Africa	14,300	15,300
	Total	106,200	108,600
	of which trainees	2,700	2,900
Diversity and opportunity	Percentage of women in senior management positions	4.3	4.7
	Number of different nationalities in senior management positions	16	23
	Percentage of employees with health insurance (state or employer/employee-funded)	98	97
	Percentage of employees eligible to take part in a company pension program (including programs to supplement statutory pension plans)	79	76

Category	Key Performance Indicator	2007	2008
<b>Employees and society***</b>			
	Percentage of full-time employees with contractually agreed working time of max. 48 hours per week	100	100
	Percentage of employees covered by collective agreements (sector or in-house agreements)	60	57
Vocational and further training	Expenditure on vocational and further training (as % of personnel expenses)	2.0	2.7
Safety	Occupational injuries resulting in days lost (per million hours worked)	2.4	2.2
	Fatal occupational injuries	4	2
<b>Key ecological data</b>			
Use of resources	Energy use (in petajoules)	85.3	82.8
	Water use (in million m <sup>3</sup> /day)	1.23	1.20
Emissions	Direct greenhouse gas emissions (CO <sub>2</sub> equiv. in million metric tons)****	4.44	4.00
	Indirect greenhouse gas emissions (CO <sub>2</sub> equiv. in million metric tons)****	3.71	3.57
	VOC emissions (in 1,000 metric tons p.a.)	2.87	3.16
	Total phosphorus in wastewater (in 1,000 metric tons p.a.)	0.99	0.78
	Total organic carbon (TOC) in wastewater (in 1,000 metric tons p.a.)	1.77	1.59
	Total nitrogen in wastewater (in 1,000 metric tons p.a.)	0.68	0.67
Waste	Hazardous waste generated (in 1,000 metric tons p.a.)	342	365
	Hazardous waste landfilled (in 1,000 metric tons p.a.)	101	81
Reportable incidents	Number of transport accidents p.a.	10	10
	Number of environmental incidents and incidents causing damage p.a.	3	9

\* as per segment table in the Annual Report 2008

\*\* present value of defined-benefit obligations for pensions and other post-employment benefits

\*\*\* in full-time equivalents

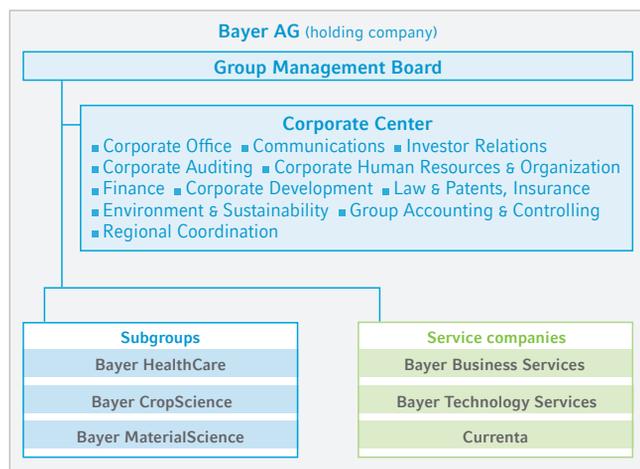
\*\*\*\* portfolio-adjusted in accordance with the Greenhouse Gas Protocol

## Our company

With around 108,600 employees and annual sales of €32.9 billion (2008), the Bayer Group is one of the world's leading companies in the fields of health care, nutrition and high-tech materials. Our products and services are designed to make a contribution to improving people's quality of life. At the same time, we want to create value through innovation, growth and high earning power.

## Our corporate structure

The Bayer Group is led by a management holding company under whose strategic direction the subgroups and service companies operate independently. The three subgroups are responsible for operative business. Bayer is represented on five continents with 320 companies and headquartered in Leverkusen.



## Our subgroups and service companies

**Bayer HealthCare** is among the world's foremost innovators in the field of pharmaceutical and medical products. The subgroup's mission is to research, develop, manufacture and market innovative products that improve the health of humans and animals throughout the world.

**Bayer CropScience**, with its highly effective products, pioneering innovations and keen customer focus, holds global leadership positions in crop protection and non-agricultural pest control. The company also has major activities in seeds and crop plants with optimized properties.

**Bayer MaterialScience** is a renowned supplier of high-performance materials such as polycarbonates and polyurethanes, and innovative system solutions such as coatings, for a wide range of everyday uses. Products holding leading positions on the world market account for a large proportion of the company's sales.

**Bayer Business Services** is the Bayer Group's international competence center for IT-based services. The focus of this company's offering is on integrated services in the core areas of IT infrastructure and applications, procurement and logistics, human resources and management services, and finance and accounting.

**Bayer Technology Services**, the global technological backbone and a major innovation driver of the Bayer Group, is engaged in process development and in process and plant engineering, construction and optimization.

**Currenta** offers services for the chemical industry, including utility supply, waste management, infrastructure, safety and security, analytics and vocational training.

## Reports, information and contact details

### Reports

Bayer Sustainable Development Report 2008

Bayer Annual Report 2008

### Websites

[www.sustainability2008.bayer.com](http://www.sustainability2008.bayer.com)

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Bayer AG

Corporate Communications

51368 Leverkusen

Germany

### Editorial team

Bayer AG

Corporate Communications

Dr. Katrin Schneider

Phone +49 (0) 214 30-48825

Fax +49 (0) 214 30-71985

E-mail: [katrin.schneider.ks@bayer-ag.de](mailto:katrin.schneider.ks@bayer-ag.de)

Bayer AG

Corporate Center Environment & Sustainability

Dagmar Jost

Phone +49 (0) 214 30-75284

Fax +49 (0) 214 30-53407

E-mail: [dagmar.jost.dj@bayer-ag.de](mailto:dagmar.jost.dj@bayer-ag.de)

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