

Technology Services supports all Bayer subgroups with technology platforms

Our innovation capability is also spurred by collaborations with customers or other industry sectors. Examples here include the “future_bizz” corporate network or “CLIB²⁰²¹,” which is concerned with renewable raw materials. We aim to work with the best partners from the industry sectors that are important to us in order to combine competencies and turn them into innovations.

BAYER TECHNOLOGY SERVICES

Bayer Technology Services is an important innovation partner to the subgroups in the areas of technological development, plant construction and production. All Bayer subgroups work closely with this service company worldwide on technology solutions, particularly in the fields of process technology, engineering, and the safe and efficient operation of production facilities.

Ⓞ ONLINE ANNEX: 3-5-4

Together with the subgroups, Technology Services is developing process technology, biotechnology and systems biology platforms to support the research, development and production of new products and applications, with the focus on open innovation. Development activities at the INVITE research center, a collaborative venture with Dortmund Technical University, include work on new flexible, modular production concepts. At the Joint Research Center on Computational Biomedicine, a collaboration with RWTH Aachen, computer-assisted models and methods for investigating fundamental biological mechanisms are researched and developed for clinical use together with Aachen University Hospital.

6. Sustainability

To us, sustainability basically means future viability and it forms an integral part of our business strategy. We are convinced that we can only achieve lasting commercial success if we balance economic growth with ecological and social responsibility.

Responsible business practices are the foundation of the Bayer Group’s sustainable alignment. We can identify and mitigate risks at an early stage by implementing this alignment in the areas of compliance (e.g. anti-corruption and responsible marketing), human resources policy, product stewardship, health, environmental protection and safety, and supplier management. This is one of the key requirements for society’s acceptance of our business. On this basis, we aim to contribute to overcoming global challenges with our innovations, and in so doing develop additional business opportunities.

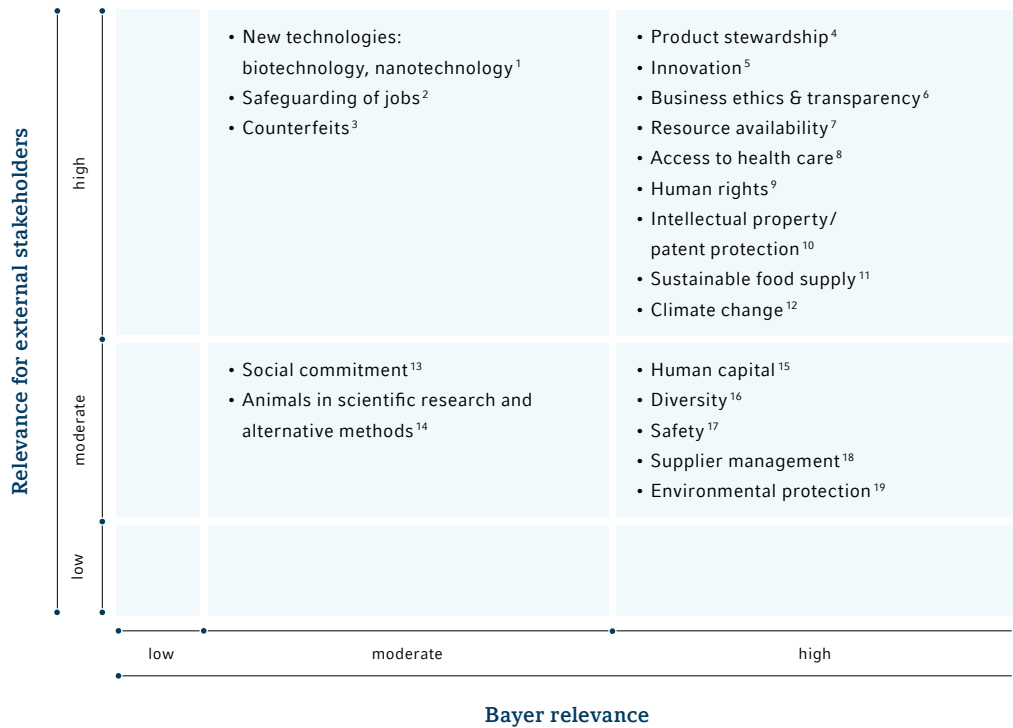
In addition, we identify opportunities and risks by analyzing the expectations of important stakeholders. We match these up with our own assessment, thereby deriving the relevant fields of action for Bayer. We document the findings in a materiality matrix.

Ⓞ ONLINE ANNEX: 3-6-1

The analysis takes place through regular dialogue with and surveys of external and internal stakeholders. Within the context of a stakeholder process, we examined, restructured and refocused the existing materiality matrix in 2011 together with an international think tank. This process involved external surveys, internal workshops, benchmarking and analyses. We are planning a new materiality analysis for 2014.

Essential Fields of Action

[Graphic 3.6.0-1]



- ¹ New technologies: managing risks & opportunities
- ² Commitment to job security
- ³ Fighting health risks posed by counterfeits
- ⁴ Product safety, REACH, monitoring impact of endocrines and active ingredients in the environment, HCFCs and withdrawal of WHO Class I products
- ⁵ Innovation to meet customer and societal needs
- ⁶ Incl. compliance, integrity, anticorruption, responsible marketing & sales practices
- ⁷ Promoting energy efficiency, efficient resource use (e.g. water, energy) and switch to renewables where possible
- ⁸ Facilitating greater access to health care through R&D, differentiated pricing, patent protection, collaboration etc.
- ⁹ Respect and promotion of human rights throughout the value chain, incl. the abolition of child labor
- ¹⁰ Safeguarding IP while providing access to products and innovations
- ¹¹ Contributing to sustainable food production, supply and availability
- ¹² Climate protection through mitigation & adaptation
- ¹³ Social investment and social volunteering programs
- ¹⁴ Reduced use of animals where possible, commitment to welfare of animals as part of scientific R&D process
- ¹⁵ Comprises employee training & development, remuneration, benefits, recruitment, retention
- ¹⁶ Ensuring a sound diversity of gender, ethnic background etc. of employees
- ¹⁷ Ensuring occupational, process & plant and transportation safety
- ¹⁸ Promoting fair and constructive relations and influencing sustainable behavior in the supply chain, incl. ESG performance and human rights
- ¹⁹ Reducing environmental impacts of products and processes on water, air, soil, supporting biodiversity

Our stakeholder engagement, i.e. the integration of different target groups, provides an important basis and is necessary for better mutual understanding.

📄 ONLINE ANNEX: 3-6-2

As a socially engaged, globally active company, we know that this understanding can only be achieved through open and transparent dialogue with all relevant stakeholder groups. We view a systematic stakeholder dialogue not only as an important foundation for acceptance, but also above all as a basic condition for enabling us to understand and analyze the viewpoints and expectations of our stakeholders at an early stage. We aim to create trust in our work, and take the views of our stakeholders seriously.

We seek targeted dialogue both with stakeholders who are directly impacted by our business activity and with those who for their part directly or indirectly exert influence on our operations. We divide the main stakeholders with whom we interact into four groups: partners, financial market participants, regulators and a wide variety of social interest groups. Below we give an overview of our engagement with the various stakeholder groups relevant to us, drawing on selected examples from 2013.

STAKEHOLDER DIALOGUE AT BAYER

Bayer considers itself a part of society and of public life. Society's acceptance and appreciation of our corporate activities are therefore essential to our reputation and business success.

The influence of stakeholders has grown continually over the last few years. We are therefore seeking interaction with players relevant to us at local, national and international level.

In doing so, we evaluate various trends, opinions and suggestions to take these into account as far as possible in our commercial decision-making processes. The same applies when our assessments differ from those of our stakeholders and thus harbor a certain potential for conflict. Against this backdrop we have to find some flexibility in our decision-making through constructive discussions with representatives of our stakeholder groups. This approach helps us to identify social and market trends early, avoid risks, assess our contribution and thereby set focus areas for our activities.

At Bayer, we systematically involve our stakeholders using the stakeholder engagement process, which is set out in a manual for our employees. This process describes how – throughout the Group and on a project-by-project basis – stakeholder groups can be identified, their expectations charted and dialogue with them steered. The engagement process requires regular review and needs to be reflected against social trends. The focus is on objectives, personal commitment and an adequate consideration of the needs of target groups, as well as efficiency and effectiveness.

To ensure the long-term acceptance and appreciation of our corporate activities, we plan to link our stakeholder engagement even more closely to corporate strategy in the future. In the second half of 2012, we therefore launched a project whose initial phase includes a review of our current stakeholder engagement. As well as various workshops – including at top management levels – this involved conducting comprehensive benchmarking and best practice analyses. Based on the results from these, previous stakeholder activities and our experience with the Stakeholder Check (a tool for identifying and evaluating stakeholders in connection with new investment projects), we developed a new concept that concentrates on stakeholder engagement in investment projects and new product launches. We are currently conducting training in our subgroups to test the concept in practice and develop it further.

Stakeholder Engagement Process

[Graphic 3.6.0-2]



Our current stakeholder activities range from targeted dialogue locally, nationally and internationally at both Group and subgroup level, through active participation in committees and specialist workshops, to comprehensive information programs and involvement in international initiatives and collaborations. We believe that stakeholder engagement is only successful when we adapt the form the dialogue takes to the individual stakeholder situation. Our stakeholder dialogue therefore includes both communication with the individual target groups and also issue-related multi-stakeholder events. We use surveys to determine which issues are particularly important to our stakeholder groups. For 2014 we are planning a review of the most significant issues for us, involving relevant stakeholders in the process. The next major Group-wide employee survey is scheduled for 2014.

We distinguish between four stakeholder groups with whom we have most interaction – partners, financial market participants, regulators and a wide variety of social interest groups. Selected examples from 2013 are elaborated on below to provide an insight into our involvement with the various stakeholder groups relevant to us.

OUR PARTNERS: CUSTOMERS, SUPPLIERS, EMPLOYEES, ASSOCIATIONS, UNIVERSITIES AND SCHOOLS

Customers

Our conduct toward customers is shaped in particular by a sense of responsibility. The long-term success of our company is essentially dependent on both the provision of innovative products, and a partnership-based relationship with our customers together with a high level of satisfaction on their part. In our view, products that satisfy customer demands while at the same time providing a benefit to society are the key to sustainability and business success. Our diversified business means that our products and customer structures vary greatly. The three Bayer subgroups have therefore put in place both specific systems for measuring customer satisfaction and their own complaint management systems.

HealthCare's divisions maintain their own active dialogues with target groups that vary significantly due to their portfolios. The sales organizations of the divisions carry out various satisfaction studies – for example with physicians from different disciplines, or with pharmacists and other partners in the health care system. Furthermore, customer studies are carried out and systematically evaluated so that we can better understand the needs of patients, health care staff, hospitals, wholesalers, and public and private payers.

However, different legal requirements apply for prescription medicines than for non-prescription or medicinal products. This makes the conditions under which customer satisfaction data are gathered in the health sector correspondingly complex. For example, patients may not be surveyed directly about the effects and side effects of prescription medicines. HealthCare therefore conducts primary market and data research.

The Global Market Research function in the Pharmaceuticals segment initiated a study in 2012 to evaluate the satisfaction of approximately 3,000 physicians in six countries. The second phase, which includes another six countries, was launched in 2013.

As the link to German customers, Bayer Vital, HealthCare's distribution company in Germany, tracks key success parameters relating to customer service issues. These include, for example, the observance of delivery dates and/or specifications on the part of external logistics companies, complaints concerning orders or deliveries and telephone availability. In this connection, various performance indicators were defined that provide information about availability and are analyzed.

At Animal Health, the methods for measuring customer satisfaction are dependent on the market segment. The division also carries out market research projects on specific disease-related issues and measures satisfaction with its own products.

Feedback and answers to questions about HealthCare products and services are made available online by the relevant business units and country organizations. In Germany, these include Bayer Vital and HealthCare Germany with the website www.gesundheit.bayer.de/de/service/kundenservice/index.php, in German only.

To enable it to ensure optimal service in the long term, the customer service center has a quality management system certified to ISO 9001:2008.

CropScience investigates the satisfaction of its customers using standardized surveys as part of its commercial excellence activities, among other tools. In addition, CropScience plans to completely overhaul its internal customer relationship management (CRM) processes by the end of 2014. The goal is to come to a new understanding of CRM that concentrates less on technical aspects but rather is more consistently aligned to customer requirements. Alongside the farmers, this new approach also focuses on distribution channels and disseminators in both complex, developed markets and smaller ones. A centralized, global CRM platform will also standardize core processes.

At MaterialScience, four regional Supply Chain Centers serve as the central link to the customer. This enables the pooling of all information streams from order acceptance to dispatch planning, delivery and complaint acceptance in the Europe/Middle East/Africa, Latin America, NAFTA and Asia/Pacific regions. Through the online information platform BayerONE, MaterialScience customers can check the status of their orders at any time.

The subgroup's supply, production and delivery processes are certified to DIN ISO 9001 and are regularly audited both internally and externally.

Customer satisfaction data are systematically compiled at MaterialScience, too. To ensure optimal quality of service, customers are surveyed, their complaints systematically evaluated in the global complaints management system, and the supplier evaluations performed by customers analyzed in detail. A new complaints management system was introduced in 2013 to enable complaints to be processed better and more quickly. The customer satisfaction analyses are conducted separately by the individual business units. The results flow directly into quality management and the continuous improvement process.

Suppliers

Procurement of products and services in differentiated markets and locations represents a particular challenge for our procurement organization. Dialogue with our suppliers is essential to ensure smooth production routines and should bring transparency into the business relationships and help build up reliable relations. Our goal is to enable our suppliers to better understand the principles of our procurement policy and our requirements, particularly as regards sustainability. In return, we would like to know more about the suppliers' situation, so as to be able first to identify obstacles and second to develop innovative solutions together. To this end, we again arranged numerous initiatives and events with our suppliers worldwide in the reporting year.

Together with other companies, we are active in the "Together for Sustainability" (TfS) initiative for greater sustainability in the supply chain. The newly developed website offers, for example, online training courses in various aspects of sustainability.

In 2013 HealthCare held Supplier Days in the Chinese cities of Shanghai and Beijing that focused particularly on sustainability. The Pharmaceutical Supply Chain Initiative (PSCI), assisted by HealthCare, held the first capability building conference for suppliers, focusing on occupational safety, in Rome, Italy, in May 2013. In July 2013, MaterialScience presented sustainability issues at a regional Supplier Day in Shanghai, China. Bayer's Indian national company again organized a local Supplier Day in Mumbai, India, in October 2013. During this event, the BayBuy Awards are presented every year, which include recognition of the most sustainable suppliers in India.

In September 2013, we introduced the Bayer Safety Award for contractors. This newly established prize for exceptional safety work is based on an initiative on the part of Procurement and HSEQ (Health, Safety, Environmental Protection, Quality) and is to be awarded for the first time in 2014.

In December 2013, the second Group-wide global town hall meeting of the Procurement Community took place at the Leverkusen site in Germany. Live transmission enabled colleagues at international sites also to take part. The town hall meeting provided the opportunity to put questions about sustainability in the supply chain directly to the relevant subgroup heads of procurement and to find out about current developments in supplier management.

Employees

The expertise and commitment of our employees safeguard our business success. To sustain such success, the Bayer Group needs a modern human resources and talent management organization with competitive structures and processes. This includes regularly providing up-to-date information to our workforce, as well as involving our employees through active and targeted dialogue.

Examples of Employee Dialogue

[Table 3.6.0-1]

ACTIVE EMPLOYEE DIALOGUE AT ALL LEVELS	
CEO blog "What's important to me": intranet blog by Dr. Marijn Dekkers, Chairman of the Bayer Board of Management	Ongoing
"Bayer Talk" with the Chairman of the Board of Management	Once a year
Town hall meetings followed by a question-and-answer session	Quarterly with Chairman of the Board of Management Dr. Dekkers from company headquarters, broadcast to all Bayer sites worldwide, and at unspecified intervals in the subgroups and service companies as well
Global Leadership Conferences with workshops	At least once a year
Global employee surveys	Regularly, every 18 months; the next will be in March 2014
FORUMS FOR THE EXCHANGE OF INFORMATION ABOUT CHANGES IN THE COMPANY	
Information meetings for managerial employees	Regularly at company headquarters for the holding company and at all subgroups and service companies
Employee assemblies	Regularly, at unspecified intervals, at least once a year at German sites
European Forum: discussion between the Board of Management and Bayer employee representatives from all European countries where Bayer has sites	Once a year
DISCUSSIONS ON PERFORMANCE, MOTIVATION AND DEVELOPMENT PERSPECTIVES	
Mandatory feedback discussions as part of the Bayer Performance Management Process and the Bayer Development Dialogue	Ongoing
360° feedback for managers	Optionally on request as part of the Development Dialogue
EXAMPLES OF ISSUE-SPECIFIC DIALOGUES AND EVENTS FOR DIFFERENT EMPLOYEE GROUPS	
W11 dialogues: national and international stakeholders in discourse with Bayer's top management	Regularly, at unspecified intervals
Expert Club Meeting: exchange of experiences on the theme of innovation among the scientific network of experts comprising Bayer scientists from the R&D units and the member of the Board of Management responsible for Innovation, Technology & Sustainability	At least once a year
Process and Plant Safety Symposium with approximately 100 Bayer experts from around the world and international experts	Every two years
Global Safety Day	Every September
Continuing education events in the areas of compliance, human rights, sustainability in procurement, and diversity	Ongoing (see Online Annex 3-7-5)
Regular discourse in the global Public & Governmental Affairs Community on political developments and framework conditions relevant to the Group	Regularly
"Meet HR" series – staff from the HR department meet personally with employees to discuss key issues in more detail	Regularly in Germany, international roll-out launched
All subgroups hold issue-specific employee events worldwide.	Ongoing
MEDIA FOR EMPLOYEES	
Bayer Group publications: print and online	Employee magazines; intranet; numerous newsletters and occasion-related mailings, brochures, presentations, social media
Print and online media by the subgroups and service companies for their employees	Employee magazines; intranet; newsletters and occasion-related mailings, social media

Associations, universities, scientific institutions and schools

Alongside its business activities, Bayer is also an active member of numerous national, European and international associations and their committees, such as the Federation of German Industries (BDI), the German Chemical Industry Association (VCI), the German Equities Institute (DAI), the European Chemical Industry Council (CEFIC), BusinessEurope and the International Council of Chemical Associations (ICCA). Bayer also currently chairs econsense, German industry's sustainable development forum.

The Bayer subgroups are also involved in their respective trade associations, such as HealthCare in the European Federation of Pharmaceutical Industries and Associations (EFPIA), CropScience in the European Crop Protection Association (ECPA) and MaterialScience in PlasticsEurope. Along with general issues pertaining to particular areas, product stewardship and sustainability play an important role in many working groups.

Furthermore, scientists from our company maintain constant contact with renowned research institutions, support partnership projects in the public and private sectors (e.g. in rice cultivation with the International Rice Research Institute), hold teaching positions at universities around the world (e.g. in Germany and China) and regularly invite scientists and university and school students to various events, such as symposia on health issues and research days for schoolchildren. We also consider this involvement to be an investment in the next generation. As a research-oriented company, we are heavily dependent on well-trained and talented individuals and on society's acceptance of technology.

You can find more information on our comprehensive activities in dialogue with school and university students in Chapter 13 "Social Commitment."

REGULATORS: LEGISLATORS, AUTHORITIES, POLITICIANS

The underlying conditions in which our company operates are shaped by authorities, legislators and politicians. Our political stakeholders include, in particular, political parties, ministries, subordinate authorities, foundations and political interest groups that have a decisive influence on the framework conditions in which our business operates. At the same time, they have an interest in industry's expertise and economic contribution. Our active participation in political decision-making processes is not only democratically legitimate, it is also explicitly called for by essential players, for example through committees and expert and working groups.


Our current dialogues with authorities and ministries at local, national and international level include targeted discussions and active involvement in specialist workshops and cooperation projects.

It is vital to have a trusting collaboration with these institutions, as they play a key role in shaping the framework conditions for our business, through legislative decisions or permits, for example. Owing to the economic importance of the industry, representatives of political parties and institutions also have a keen interest in the expertise of and dialogue with representatives from our company, one example being the parliamentary evenings that the Foundation for World Population organizes together with HealthCare.

Lobbying

In its Group Regulation "Code of Conduct for Responsible Lobbying," Bayer sets out clear and binding rules for its involvement in political matters, aiming to ensure transparency in collaborations with the representatives of political institutions. Within the Group, the Public and Governmental Affairs Committee is responsible for the strategic planning of Bayer's political work. This especially includes dealing with specific political questions, as well as developing the company's political positions.

In 2013 Bayer's political lobbying again focused on the acceptance of products and technologies in society, fostering and recognizing innovation, sustainable health care systems, chemicals and energy policy, and climate protection.

 WWW.BAYER.COM/EN/POLITICAL-PRINCIPLES.ASPX

For more on our political principles see WWW.BAYER.COM/EN/POLITICAL-PRINCIPLES.ASPX

Our liaison offices in Berlin, Brussels, Washington, Moscow, São Paulo and Beijing are key points of contact between our company and the political arena. In 2013 we spent €0.8 million on our liaison office in Berlin. That figure comprises personnel, operating and project costs. Bayer was one of the first companies in the life sciences sector to allow itself to be entered in the European Commission's lobby register and discloses the relevant costs of its lobby work at E.U. level (approximately €2.8 million in 2013). In accordance with our Bayer Group Regulation "Code of Conduct for Responsible Lobbying," we enter ourselves in every transparency register set up by governments, regardless of whether entry is voluntary or legally required, as in Austria since the start of 2013. Should a similar initiative be introduced in Germany, Bayer will participate in such a register there, too.

In the United States, Bayer discloses its lobbying costs in several public databases. In keeping with our Group Regulation, we have committed not to make any direct donations to political parties, politicians or candidates for political office. However, some associations to which we belong make donations on their own initiative, in compliance with statutory regulations. In the United States, companies are legally prohibited from donating to political candidates directly. However, some of our employees there utilize the opportunity to support candidates for parliamentary office by making private donations of their own funds via the Bayer Corporation Political Action Committee (BayPac). Political action committees in the United States are state-regulated, legally independent employee groups. Consequently, such donations are not donations made by the company. The BayPac contributions are regularly reported to the U.S. Federal Election Commission and can be viewed on its website.

FINANCIAL MARKET PARTICIPANTS: INVESTORS, BANKS, INSURANCE COMPANIES, RATING AGENCIES

Intensive dialogue with the capital market is a high priority for Bayer. In our dealings with analysts, investors and rating agencies, we aim to increase the market value of the company and contribute to achieving an appropriate credit rating. These efforts are focused on ensuring a comprehensive, consistent and prompt exchange of information between the company and the various members of the financial community. The top priority of our work in this area is to achieve a fair valuation of Bayer.

We further intensified our investor relations activities, such as broker conferences, "Meet Management" conferences, roadshows and field trips in the past year. Bayer was present in a total of 25 financial centers in 2013. You can find out more under "Investor Information."

We also regularly exchange ideas with analysts and investors from the field of sustainable investments. For example, we took part in a conference on Sustainable Responsible Investment (SRI) in 2013, and discussed inquiries from sustainability-focused financial market players in specific telephone conferences.

SOCIAL INTEREST GROUPS: NON-GOVERNMENTAL ORGANIZATIONS, PUBLIC, LOCAL COMMUNITY, COMPETITORS

Non-governmental organizations (NGOs)

Bayer is involved in a variety of projects, thematic initiatives and specialist conferences at a national and international level to play an active role in the common task of shaping sustainable development. This also includes collaboration with non-governmental organizations and international organizations on various global issues such as nutrition (e.g. Society for International Cooperation), climate protection (e.g. U.N. Global Compact's "Caring for Climate" initiative) or the following example in the area of family planning.

International Dialogue on Population and Sustainable Development: The issues of population and sustainable development have been the subject of increased debate around the world since the United Nations Millennium Development Goals were first formulated in 2001. HealthCare works toward achieving these development goals as a private-sector partner, maintaining close contact with governments and non-governmental organizations. To promote networking between the various players and provide a forum for discussing reproductive health issues, HealthCare since 2002 has organized together with a number of development policy organizations a series of conferences entitled "International Dialogue on Population and Sustainable Development." The partner organizations include the non-governmental organization International Planned Parenthood Federation (IPPF), the German Society for International Cooperation (GIZ) and, the German Foundation for World Population (DSW).

The goal of this international conference is to share experiences and opinions, discuss strategies and – based on the results of the conference – draw up recommendations to assist political decision-makers. Held annually in Berlin, the themes for this two-day event are decided jointly with the various partners and protagonists. In 2013 the participants discussed the future prospects for a strong young generation. To satisfy the need for intensive exchange and for the largest possible participation, the format of the event has changed over the years. The spectrum now ranges from panel discussions and expert meetings to interactive stakeholder forums. The establishment of the "World Café of Possibilities" created an additional discussion forum that involves the participants even more intensively.

Public/local community

The communities near our sites play a key role in our success. For this reason, we endeavor to be recognized at all of our sites as a reliable partner and attractive employer that meets its social responsibility.

MaterialScience: In spring 2013 a citizens' forum was launched in connection with the planned MaterialScience carbon monoxide pipeline between the Dormagen and Krefeld-Uerdingen sites in Germany. The goal of this was to further intensify the sharing of information and dialogue with the local communities around the pipeline. Headed by an external communications agency, this round table should provide a platform for exchanging and explaining facts and information about the project. In doing so, Bayer is emphasizing the importance of objective and expert discussion. The aim of the co Dialogue Forum is to be fair to all stakeholders as far as possible – including those who are opposed to the project. More information is available online at WWW.PIPELINE.BAYER.DE (in German only).

Public debate is also focusing on another, existing pipeline that supplies production facilities at the Leverkusen site with carbon monoxide from Dormagen. MaterialScience has been operating this pipeline with CO since 2002. It is part of a pipeline bundle, running mainly on the left bank of the Rhine and crossing beneath the Rhine to the Leverkusen site in what is known as a culvert. The pipeline is approved by the authorities, is continually monitored and regularly inspected. Chemical park operator Currenta and MaterialScience informed the public about this in its presentation of the planned construction of a new culvert. As part of a project at the Dormagen site in Germany lasting several years, MaterialScience is building a new large-scale plant for the production of the chemical toluene diisocyanate (TDI). The company has pursued an active information policy since the start of planning at the end of 2008. This includes an open dialogue with the relevant stakeholders. During the permit process, MaterialScience thus sought dialogue on numerous occasions with environmental groups, politicians, residents, citizens' groups and media representatives among others. After submitting the permit documents to the Cologne district authority, MaterialScience held an information week in May 2011 to provide information about the current status of the project. In February 2012, the Cologne district authority issued MaterialScience with early planning permission. The final approval was granted at the beginning of 2013, with start-up now scheduled for the second half of 2014.

🔗 WWW.MATERIALSCIENCE.BAYER.DE/EN/PROJECTS-AND-COOPERATIONS/TDI-PROJECT.ASPX

Our information policy includes regular news releases on the project's progress. MaterialScience has also set up a special website WWW.MATERIALSCIENCE.BAYER.DE/EN/PROJECTS-AND-COOPERATIONS/TDI-PROJECT.ASPX containing detailed information about the construction project. This site can also be used to ask questions.

CropScience: The safety of its production facilities is also of vital importance to CropScience. As part of the "Safety dialogue," experts at the Dormagen site explain to interested citizens what safety measures the companies based at the CHEMPARK site there undertake. CropScience also regularly uses forums, print media, and personal discussions with citizens' initiatives, representatives of the church communities and the regional press to keep its neighbors at the Frankfurt-Hoechst and Knapsack sites in Germany informed.

Currenta: Local dialogue at the Lower Rhine sites (Dormagen, Krefeld-Uerdingen, Leverkusen) is supported by the new Currenta neighborhood offices, which opened in mid-2013.

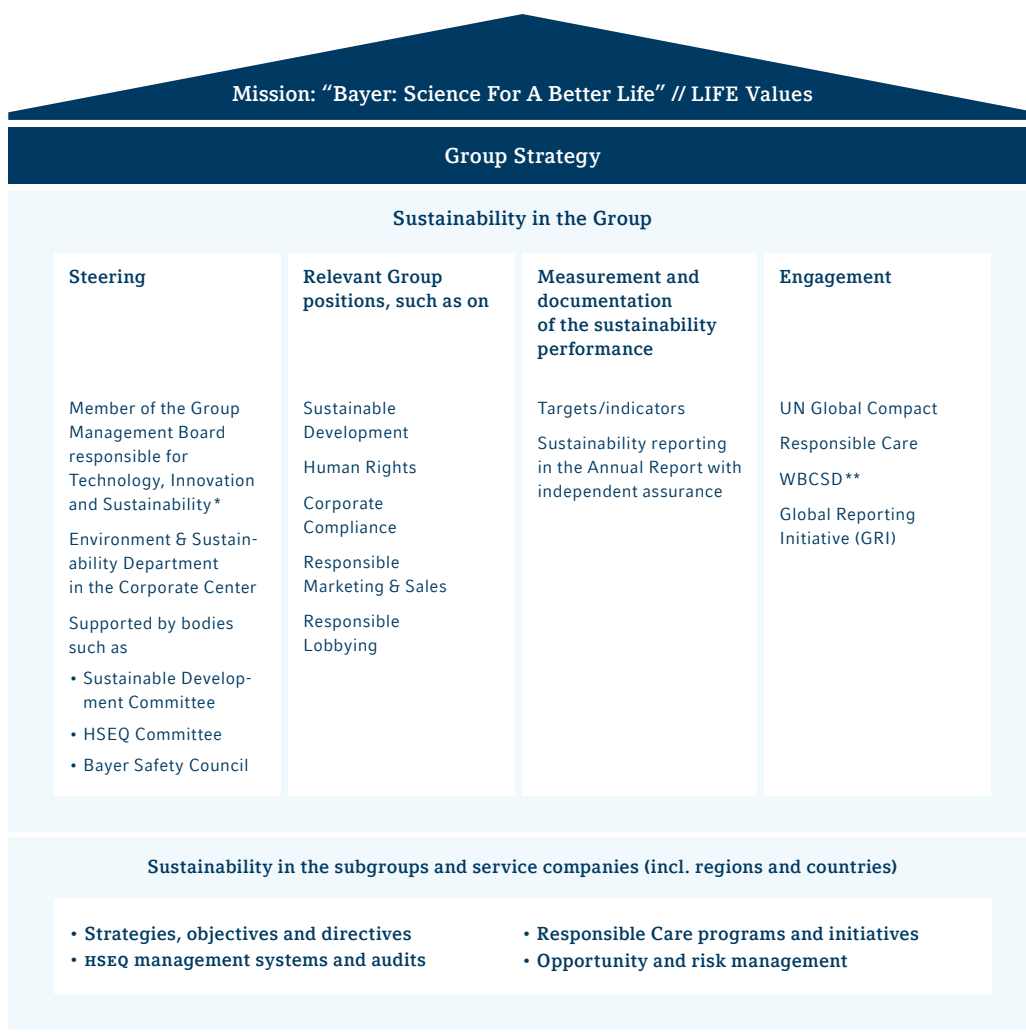
SUSTAINABILITY MANAGEMENT AND STEERING

Responsibility for steering and aligning our Group-wide sustainability strategy lies with the Group Management Board member responsible for Innovation, Technology and Sustainability in his function as Chief Sustainability Officer of the Bayer Group, and with the Group Sustainable Development Committee chaired by the Head of Environment & Sustainability in the Corporate Center.

📄 ONLINE ANNEX: 3-6-3

Integration of Sustainability at Bayer

[Graphic 3.6.0-3]



* from April 30, member of the Group Management Board responsible for Human Resources, Technology and Sustainability
 ** World Business Council for Sustainable Development

The committee identifies and evaluates sustainability-relevant opportunities and risks for our company, sets targets, draws up initiatives, management systems and regulations and is responsible for monitoring.

Targets and indicators help us to operationalize our strategy and make it measurable. In 2013 we adopted an ambitious program of non-financial objectives that comprises both new and further developed sustainability targets along the value chain (see Chapter 1.3 "Targets and Performance Indicators"). This replaces our previous program of targets for 2015, whose degree of achievement is elaborated on in detail online.

📖 See Chapter 1.3

Internal Group regulations ensure the implementation of our sustainability principles in business operations. These principles are realized through corresponding management systems, regulations and processes at the subgroup level.

📄 ONLINE ANNEX: 3-6-4

The internal Bayer Group regulations include above all the "Sustainable Development Policy," our "Human Rights Position," the "Corporate Compliance Policy," our "Supplier Code of Conduct," the "Responsible Marketing & Sales Policy," our "Directive on Process and Plant Safety," and positions, for example, on the key issues of climate, water and biodiversity.

www.annual-report2013.bayer.com/en/commitment-sustainability

To underline our mission as a sustainably operating company, we have committed to internationally recognized sustainability initiatives such as the U.N. Global Compact and the Responsible Care™ initiative, and we participate globally in leading (industry) forums such as the World Business Council for Sustainable Development (WBCSD).

7. Employees

Employee Data

[Table 3.7.1]

	Dec. 31, 2012	Dec. 31, 2013
	in FTE	in FTE
Employees by region		
Europe	52,300	53,600
North America	15,300	15,200
Asia/Pacific	26,200	28,000
Latin America/Middle East/Africa	16,200	16,400
Employees by corporate function		
Production	45,700	45,800
Marketing and distribution	42,300	44,500
Research and development	12,900	13,700
General administration	9,100	9,200
Total	110,000	113,200
Apprentices	2,500	2,500
	%	%
Proportion of women in senior management	23	25
Proportion of full-time employees with contractually agreed working time not exceeding 48 hours per week	100	100
Proportion of employees with health insurance	94	95
Proportion of employees eligible for a company pension plan or company-financed retirement benefits	70	72
Proportion of employees covered by collective agreements on pay and conditions	53	55

2012 figures restated

The number of employees on either permanent or fixed-term contracts is stated in full-time equivalents, with part-time employees included on a pro-rated basis in line with their contractual working hours.

SUSTAINABLE HUMAN RESOURCES POLICY

Bayer pursues a sustainable human resources policy. The objectives and principles are based on our corporate values, known by the acronym LIFE, which are valid throughout the world. LIFE stands for Leadership, Integrity, Flexibility and Efficiency. These values encapsulate the core elements of our corporate culture, which combines a strong focus on performance and development with a high degree of social responsibility. At the same time, they are a simple and practical guide for employees in their work. The LIFE values are therefore firmly integrated into our global performance management system, which covered more than 77,000 employees, i.e. about two-thirds of our workforce, in 2013. Participation is mandatory for all managerial employees, which means they are assessed partly according to how well they apply the four corporate values in the pursuit of their career goals. This factor can therefore affect their compensation. Of the employees whose performance was assessed regularly using this system, 40% were female and 60% were male.

EMPLOYEE DATA

On December 31, 2013 Bayer had 113,200 employees worldwide, 107,700 of whom had permanent employment contracts, while 5,500 had temporary contracts.