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Within our corporate values, we have entered into a sustainability commitment. To direct our contribution to sustainability, we require a performance management process. For this reason, we have created a clear organizational structure, developed a set of key performance indicators and defined sustainability targets. By way of annual reporting – through the present Report in particular, and also on the Internet – we strive to be transparent, both internally and externally. We will allow ourselves to be judged by the targets we have set ourselves.

Our Performance Indicators

The data section details the performance indicators of the Bayer Group for health, safety and the environment (HSE), also covering employee and social issues, for the 2005 reporting period.

In compiling this Report, Bayer is continuing its long tradition of reporting on its HSE performance indicators, which have been published annually since 2004 (the 2004 figures are available on the Internet). This time round, indicators relating to employees and social issues have also been included. We aligned the selection and measurement of these indicators to the international recommendations and guidelines of the Global Reporting Initiative (GRI), the World Business Council for Sustainable Development (WBCSD) and the European Chemical Industry Council (CEFIC).

The data capture was carried out in the areas of HSE, employees and social issues by means of a variety of processes and systems and in accordance with our own, internal directives. The HSE data were ascertained using the Group-wide site information system BaySIS® (see page 63). As in previous years, the data were compiled using an electronic questionnaire sent to all of the organizational units at the Bayer sites in which the Group held a participating interest of at least 51 percent during 2005. The performance data of these affiliated companies have been fully consolidated, irrespective of the precise size of Bayer's share in the relevant company. The data have been approved internally by the Head of Governmental & Product Affairs of Bayer AG. The data capture within BaySIS® includes all Bayer sites worldwide including research facilities, administrative sites and warehouses. In terms of reporting on employees and social issues, the global BayInfo System is the most important source. For the information on diversity in management the employee master data from the global SAP HR system were also evaluated. Training and continuing education costs were calculated by surveying all Group companies with more than 200 employees and extrapolating the result for the Group as a whole.

The auditing company Deloitte was commissioned by the Bayer Group to assure the quality and credibility of the data compilation (assurance process), a process carried out from March to May 2006. In addition to disclosure of the data compilation system, this assurance also comprised interviews with representatives of various different parts of the Group. On a spot check basis, a further nine reporting objects spanning four continents were incorporated into the assurance by way of interviews, on-site visits and telephone interviews. The Assurance Statement issued by Deloitte has been included on page 83 of this Report.

Key changes in 2005

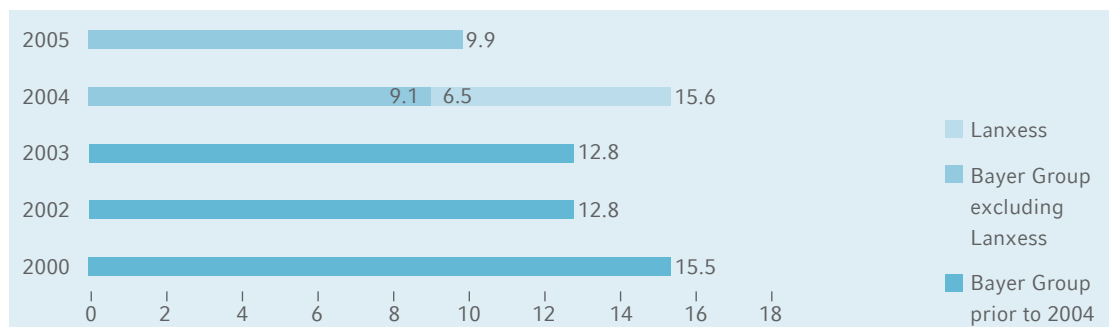
For the first time we are also publishing performance indicators for employees and social issues in 2005. These describe the areas in which we wish to improve over the coming years by setting ourselves targets. Our performance will then be measured against these targets. Lanxess, which ceased to be part of the Group at the start of 2005, is no longer included in the performance indicators for the Bayer Group in this data section. To illustrate the effect of the spin-off on HSE performance, the share of the figures applicable to Lanxess up to 2004 – where Lanxess figures were available – has been included and listed separately for 2004. The Roche sites that were acquired in 2004 were first included in full in the data capture for 2005. As the energy consumed by those sites constitutes significantly less than one percent of total energy consumption, they have not been listed separately in the figures.

Ecological indicators

When interpreting the progression over time it should be borne in mind that the development is dependent on various different influences. In addition to technical measures to reduce emissions, waste levels and consumption of resources, as well as fluctuating production volumes, structural changes also come into play. These include the purchase and sale of sites in full or in part and also the outsourcing of upstream services, as was the case in 2002, for example, with the construction of a gas turbine with waste heat boiler by the third-party operator Electrabel in Antwerp, Belgium.

The production volume of our continuing operations rose slightly in 2005 compared with 2004. Nevertheless, many of the indicators reported below for continuing operations have decreased. This indicates that in those instances, the specific emission or specific use of resources was further reduced.

Volume of sold products (in million t/a)



Our aim is to achieve an appropriate and consistent level of health, safety, environment and quality (HSEQ) management throughout the Group. With this in mind, our established HSEQ management systems were further improved in 2005. These systems are subject to regular review as set out in a Group-wide Audit Directive, with the external certification of our management systems supplementing these internal audits.

Where it makes sense on location, we will also in future arrange for certification in accordance with the environmental management standard ISO 14001. The equivalent standard for health and safety management is OHSAS 18001 issued by the British Standards Institution (BSI). Some Bayer sites have already had their management systems certified in accordance with this standard.

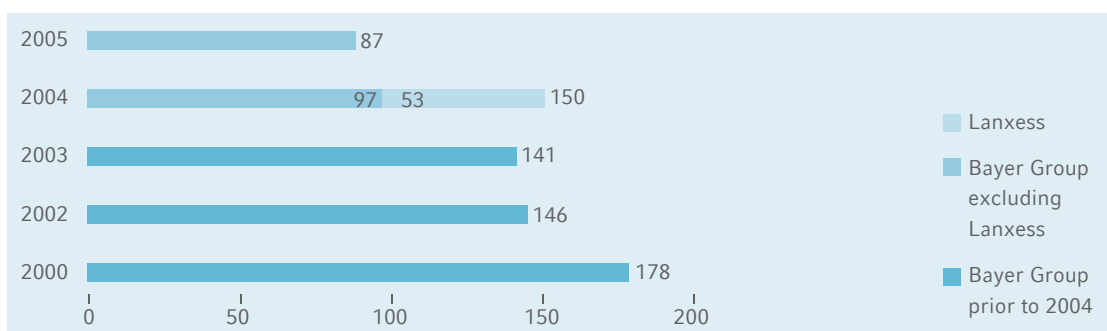
Bayer	2004*		2005	
	No. of ROs	No. of ROs as a proportion of production sites	No. of ROs	No. of ROs as a proportion of production sites
RO = Reporting Object				
Sites with a management system certified to ISO 14001	55	33%	58	35%
Sites with an environmental management system based on external standards**	63	38%	65	39%
Sites with a management system certified to OHSAS 18001	3	2%	8	5%

* Bayer excluding Lanxess sites
 ** "based on external standards" includes:
 • Management systems certified to ISO 14001 or EMAS
 • Systems and certifications based on national standards e.g. "Industria Limpia" [Clean Industry] in Mexico

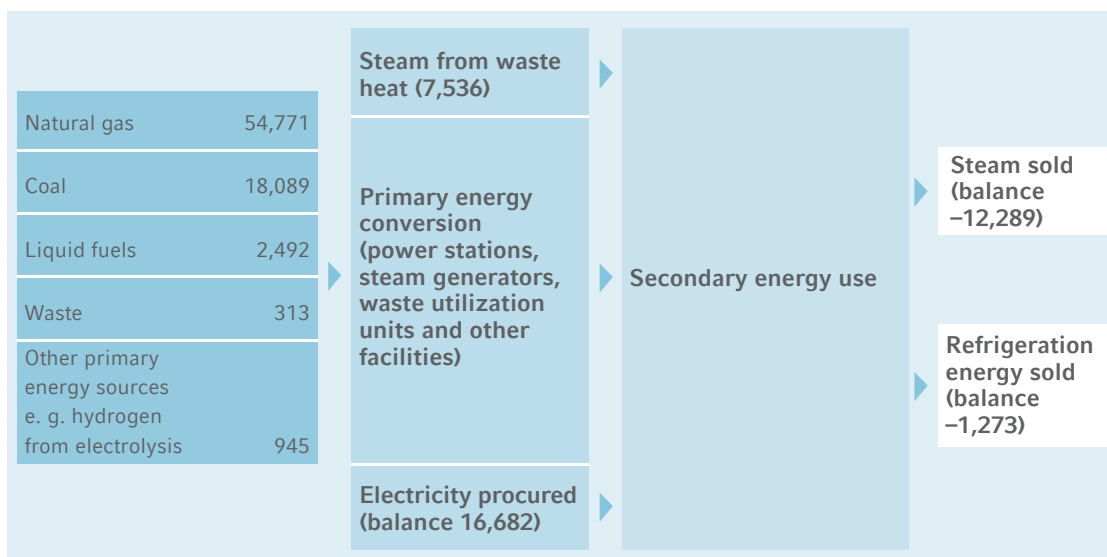
Energy use

Despite the fact that production volumes remained almost constant, energy use by the Bayer Group fell by 16 percent between 2000 and 2004. In 2005 a reduction of approximately ten percent on the previous year was recorded – the share attributable to Lanxess has already been excluded from this figure. In terms of primary energy, natural gas and coal were the main sources, accounting for 71 and 24 percent respectively.

Energy use (in petajoule/a)



Energy balance sheet (in terajoule/a)

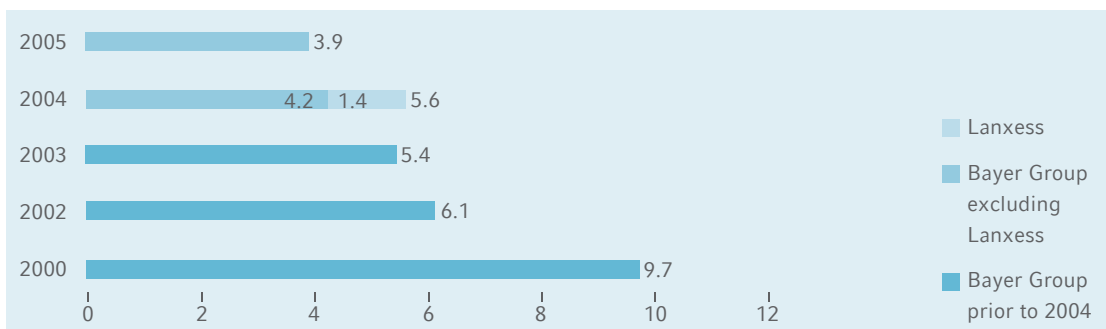


The total energy use of the Bayer Group of 87 petajoules (= 87,000 terajoules) is calculated from the sum of primary energy use, electricity procured and waste heat minus the amount of steam and refrigeration energy sold on balance.

Direct greenhouse gas emissions

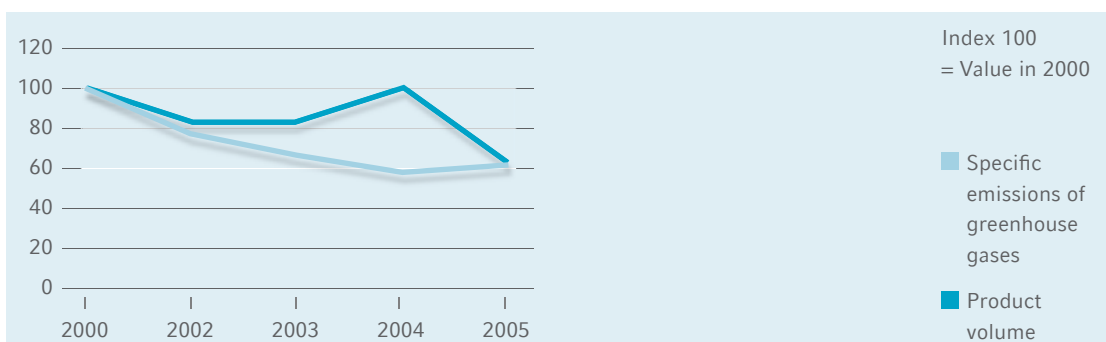
Direct emissions of greenhouse gases were seven percent lower than in the previous year across the Group as a whole (2004: 4.2 million metric tons, 2005: 3.9 million metric tons). This fall is primarily due to reduced energy consumption. Greenhouse gases include carbon dioxide (CO₂), methane (CH₄), nitrogen monoxide (N₂O), hydrofluorocarbons (HFC), perfluorocarbons (PFC) and sulfur hexafluoride (SF₆). Using substance-specific equivalence factors, these emissions are converted to CO₂ equivalents. On this basis, 98.5 percent of greenhouse gas emissions in 2005 related to CO₂, 1.4 percent to N₂O and 0.1 percent to all other greenhouse gases. The greenhouse gas emissions are composed of emissions from power stations and from production and waste incineration plants in which the Bayer Group holds a participating interest of at least 51 percent.

Emissions of greenhouse gases (in million t CO₂ equivalents/a)



As well as aiming to minimize absolute CO₂ emissions, Bayer is also striving to achieve an ongoing reduction in specific greenhouse gas emissions in relation to production volumes, since these specific indicators relate to our reduction potential from improved efficiencies and technical innovations. The graph shows a continuous fall in specific emissions until the spin-off of Lanxess in January 2005. The departure of Lanxess led to a major reduction in production volumes and thus to a slight increase in the specific emissions of greenhouse gases.

Specific greenhouse gas emissions/product volume (total for Bayer Group)

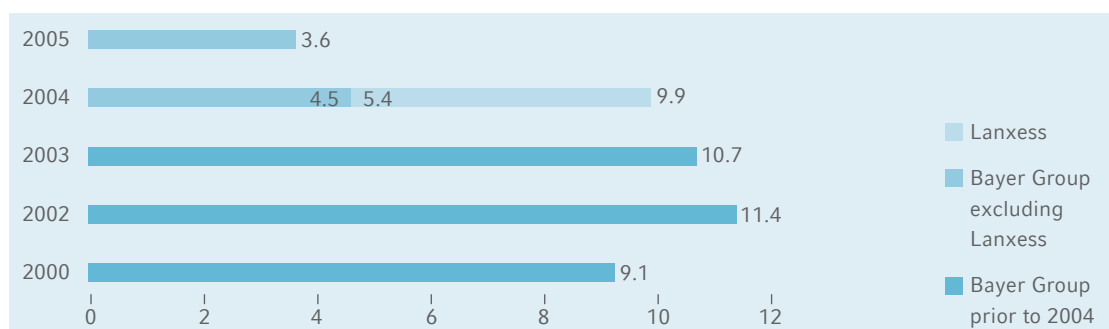


Emissions of volatile organic compounds

Volatile organic compounds (VOC) are organic chemicals with a particular vapor pressure that contribute to the formation of smog and ground-level ozone.

Due to the acquisition of Aventis CropScience, there was a rise in VOC emissions by the Bayer Group from 9,100 metric tons in 2000 to 11,400 metric tons in 2002, after which time they fell consistently, reaching 9,900 metric tons in 2004. The 20 percent reduction for continuing operations compared with 2004 can be attributed to successful measures to improve waste air purification at the Vapi site in India. These are the first results of a comprehensive action plan to reduce VOC emissions, with further reductions set to follow.

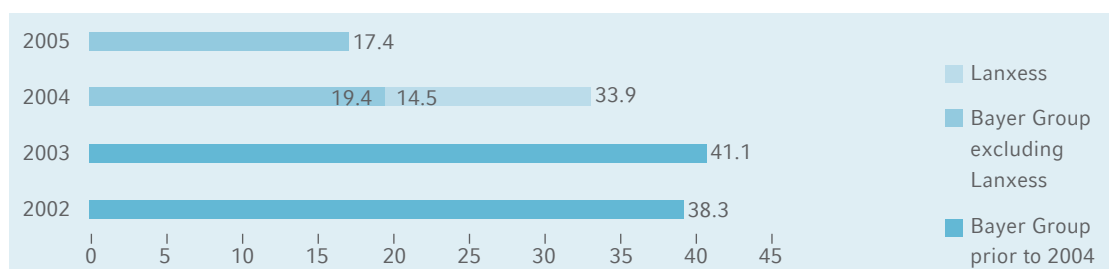
VOC emissions (in 1,000 t/a)



Ozone-depleting emissions

To be able to compare the damaging effect of substances on the ozone layer, each substance is assigned an ozone depletion potential and is expressed as a relative value (equivalent) in relation to the potential of the guide substance trichlorofluoromethane (CFC-11). The total for all substances with the potential to harm the ozone layer is then stated as the total of all CFC-11 equivalents. In 2005 this figure was ten percent lower than during the previous year.

Emissions with ozone depletion potential (in t CFC-11 equivalents)



Other air emissions

Other emissions primarily include sulfur dioxide (SO₂) and nitrogen oxides (NO_x), most of which originate from incineration processes. SO₂ and NO_x are also emitted during some production processes. Particulates are released both from the combustion plants used for energy generation and during some production processes. Fluctuations in these emissions over time are due to such factors as changes in energy consumption.

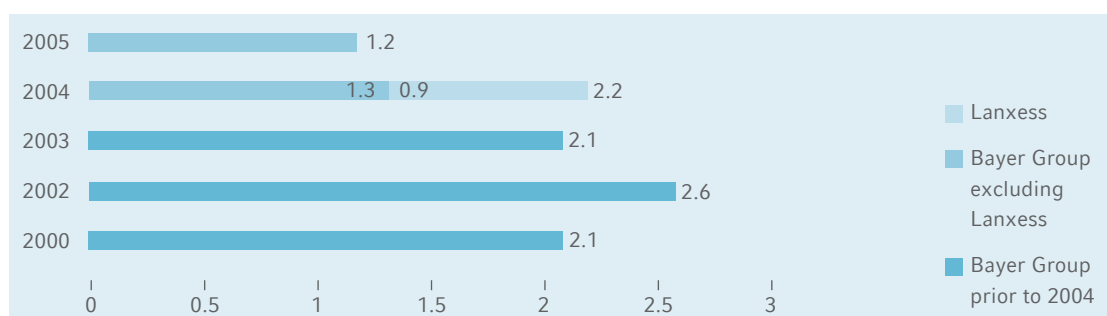
Other air emissions (in 1,000 t/a)

	2000	2002	2003	2004			2005
				Bayer Group	Bayer Group excluding Lanxess	Lanxess	
CO	3.8	3.0	–	2.3	1.9	0.4	1.9
NO _x	11.2	9.4	6.7	6.3	4.3	2.0	4.5
SO ₂	6.6	7.4	5.9	5.6	4.2	1.4	4.5
Particulates	1.9	0.8	0.9	0.8	0.5	0.3	0.3

Water

Compared with the previous year, there was only a slight reduction in water use by the Bayer Group in 2005. Accounting for 0.8 million cubic meters (m³) per day, cooling water fed into production accounted for the highest share. Since this water is merely heated up and not affected in any other way when used in the Group, it can be discharged again without any further treatment. The sites take more than half of the water that they need from surface water, with around one third being drawn from underground sources (generally groundwater).

Water use (in million m³/d)



Water sources

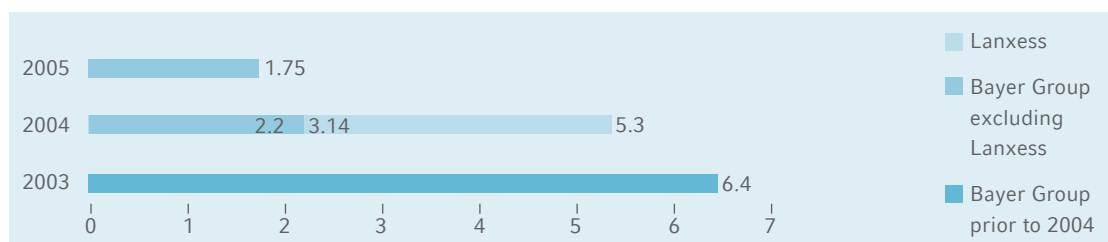
Bayer Group (excluding Lanxess)	2004	2005
Water use in million m ³ /d	1.3	1.2
of which from surface waters	60.0%	54.0%
of which from bore holes/springs	32.6%	34.5%
of which from public drinking water supply	4.9%	2.6%
of which from other sources (e.g. rainwater)	2.4%	8.8%

Wastewater

The most important parameters used to record water pollution caused by Bayer are the total loads of phosphorus, nitrogen and organic compounds. The discharge of phosphates remained more or less constant for continuing operations in 2004 and 2005. The nitrogen load (nitrates and ammonium nitrogen), however, was 18 percent lower in 2005 than in the previous year.

Because it is easier to determine the level of organic compounds in wastewater as total organic carbon (TOC), since 2003 we have been using TOC as an indicator instead of chemical oxygen demand (COD). Last year, there was a renewed fall in the emission of organic compounds into wastewater. Similarly, there was a drop in wastewater pollution caused by heavy metals and inorganic salts.

TOC emissions (in 1,000 t/a total organic carbon)



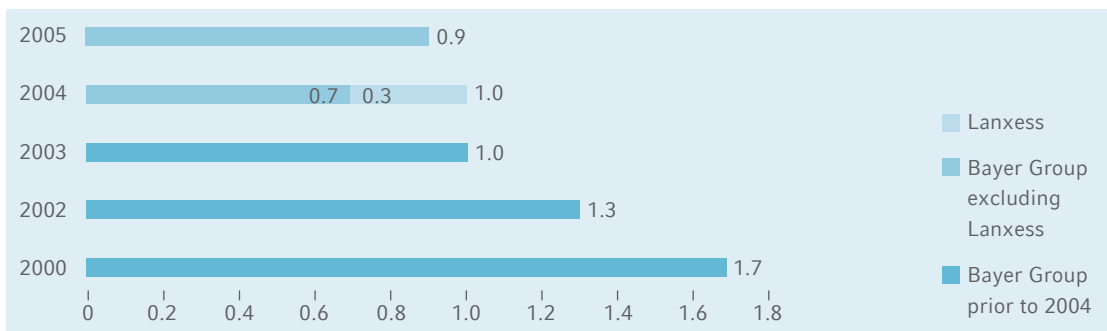
Other emissions into water

	2000	2002	2003	2004			2005
				Bayer Group	Bayer Group excluding Lanxess	Lanxess	
Phosphorus, 1,000 t/a	0.8	0.6	0.6	0.83	0.76	0.07	0.75
Nitrogen, 1,000 t/a	3.4	3.4	3.2	2.8	0.9	1.9	0.7
Heavy metals, t/a	42.0	30.0	29.0	28.2	14.5	13.7	12.0
Inorganic salts, million t/a	2.0	1.5	1.6	–	1.0	(not recorded)	0.8

Waste

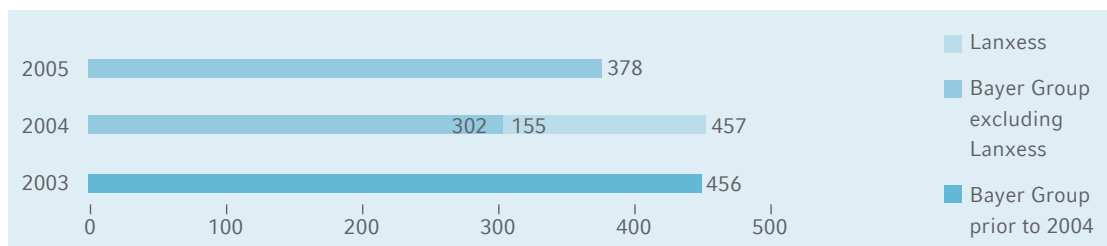
Through its ongoing work on the further development of its production processes and by using alternative raw materials, Bayer was able to substantially reduce the volume of waste produced in the 1990s. Data from the last few years appear to indicate that this potential has been almost fully tapped. The rise in the volume of waste produced in continuing operations in 2005 compared with 2004 can be attributed to closures and reconstruction work (building rubble and excavated soil).

Total waste produced (in million t/a)



We have been recording the amount of “hazardous waste,” the definition of which varies from one country to another, since 2003. The data used for the Group in the Bayer balance sheet are calculated in line with the national definitions. In Germany, hazardous waste comprises items such as sludge from the company’s own wastewater treatment processes, and distillation and solvent residues. The rise from 2004 to 2005 can again be attributed to closures and reconstruction work.

Generation of hazardous waste (in 1,000 t/a)



More than half of the hazardous waste was transferred to landfill sites in 2005, with the rest being reprocessed or incinerated. The rise on the previous year is due to the higher volume of waste from closures and reconstruction work.

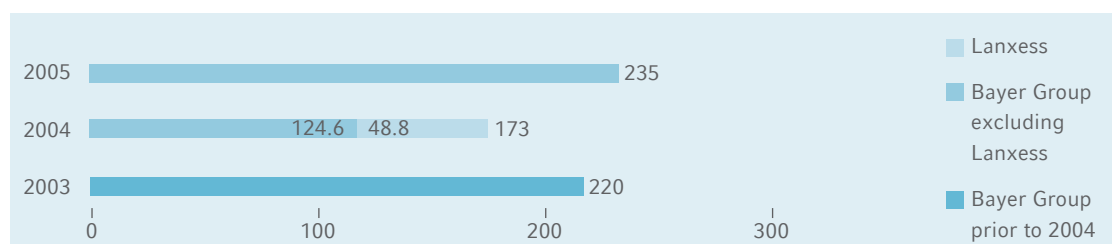
Bayer Group	2004**	2005
Total volume of waste disposed of*	680,000 t	950,000 t
of which sent to landfill	49%	54%
of which incinerated	29%	25%
of which recycled	21%	19%
of which not allocated to a form of disposal***	1%	2%

* The volume of waste that is disposed of may deviate from the volume of waste generated due to differences in the recording periods for the occurrence and disposal of waste and differing water content in the case of sewage sludge.

** Bayer Group excluding Lanxess

*** The form of disposal used for this waste could not be recorded in the data collected. Proper disposal is, however, safeguarded for this waste.

Landfilling of hazardous waste (in 1,000 t/a)



Major environmental incidents

Up to and including the 2002 reporting year we reported on those incidents at production sites that needed to be reported to the authorities in accordance with local regulations. In 2002, for example, there were 53 such “reportable environmental incidents” and four cases of “incidents causing damage.” Since the 2003 reporting year we have categorized environmental incidents and incidents causing damage in line with their degree of severity as “major environmental incidents.” Due to the different definitions, comparisons with earlier years can only be made to a limited extent.

In 2005 the number of incidents included under this definition was down on the previous year – falling from six to two.

- On June 23, 2005 a small amount of chlorine was released from the Leverkusen site. The grounds of the Landesgartenschau, the regional garden show bordering the Leverkusen site, were evacuated as a precautionary measure.
- In Norwich (United Kingdom) polluted wastewater was released into the subsoil on September 9, 2005 due to a leak in a collecting tank. Ground monitoring has been established in order to determine the remediation necessary.

Major environmental incidents

	2000	2001	2002	2003	2004*	2005
Reportable environmental incidents	69	47	53	–	–	–
Incidents causing damage	7	1	4	–	–	–
Major environmental incidents	–	–	–	21	6	2

* Bayer Group excluding Lanxess sites

Transportation incidents

Since the 2003 reporting year we have been recording transportation incidents on a Group-wide basis, including at warehouse sites. While it was previously the case that all incidents in which we were in possession of the transported goods were counted, the counting method was changed in 2005. The key factor now is whether Bayer has assumed financial responsibility for the transportation concerned. Given that, in the United States in particular, ownership of the sold goods generally passes to the customer as soon as the goods leave the Bayer site, the old definition, which focused upon possession of goods being transported, no longer appeared appropriate.

Additional criteria are the volume and risk potential of chemicals possibly released into the environment. Due to this new definition, the 2005 figures can only be compared against earlier figures to a very limited extent.

Transportation incidents

	2000	2001	2002	2003	2004*	2005
Road	26	16	23	28	10	2
Rail	2	0	2	0	0	1
Internal waterway	2	1	0	0	0	0
Sea	2	0	0	0	0	0
Air	1	0	0	0	1	0
Pipeline	0	1	1	–	–	0
Total	33	18	26	28	11	3

* Bayer Group excluding Lanxess sites

Social indicators

Employees

As at December 31, 2005 the Bayer Group employed 93,700 people worldwide. Adjusted to take account of the Lanxess spin-off, this equates to 2,000 more than at the start of the year. The average number of employees rose to approximately 93,000. Personnel expenses fell by 1.9 percent in 2005 to €5,912 million. This corresponds to 21.6 percent of sales. Value added per employee rose to €102,487.

Employees by region and subgroup¹

Employees by region	2004	2005
Europe	51,400	52,400
North America	17,800	16,200
Asia Pacific	12,200	13,900
Latin America/Africa/Middle East	10,300	11,200
Bayer Group	91,700	93,700

Employees by subgroup/service company	2004	2005
Bayer HealthCare	32,100	33,800
Bayer CropScience	19,400	18,800
Bayer MaterialScience	17,900	18,800
Bayer Business Services ²	8,400	8,800
Bayer Technology Services	2,100	2,100
Bayer Industry Services ³	11,300	10,900
Bayer Corporate Center	500	500
Bayer Group	91,700	93,700

¹ excluding Lanxess and plasma business

² incl. Local Services and trainee pool

³ incl. trainees

Diversity in management (2005)

Percentage of senior managerial* positions held by women in the Bayer Group	3.9%
Nationalities in senior management at the Bayer Group	17

* All positions in the Group Leadership Circle are classed as senior managerial positions. This equates to approx. 330 employees in the Bayer Group. The Group Leadership Circle consists of managers in the holding company, subgroups and service companies whose functions are particularly important for the Bayer Group as a whole.

Further training and continuing education (2005)

Further training and continuing education costs as a percentage of personnel costs	2.3%
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Personnel expenditure in 2005 amounted to €5.9 billion. With 2.3 percent of this total being devoted to further training and continuing education measures, approximately €140 million was spent on long-term staff development, which equates to approximately €1,500 for each individual.

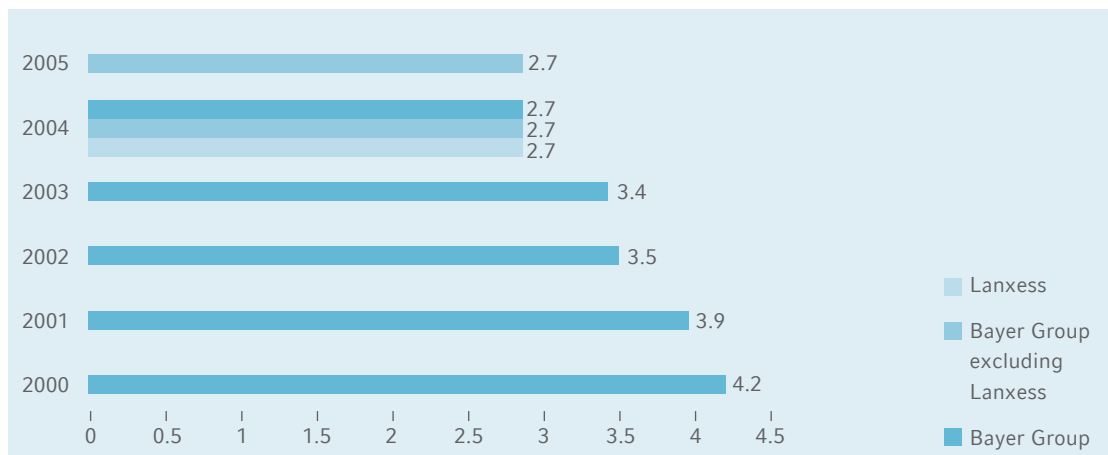
Occupational injuries

A key indicator here is the number of injuries with days lost. In 2005, the quota for such injuries was unchanged on the previous year at 2.7 injuries for every million hours worked. Also included in these statistics are injuries affecting staff on fixed-term contracts, part-time staff and contractors who report directly to Bayer line managers.

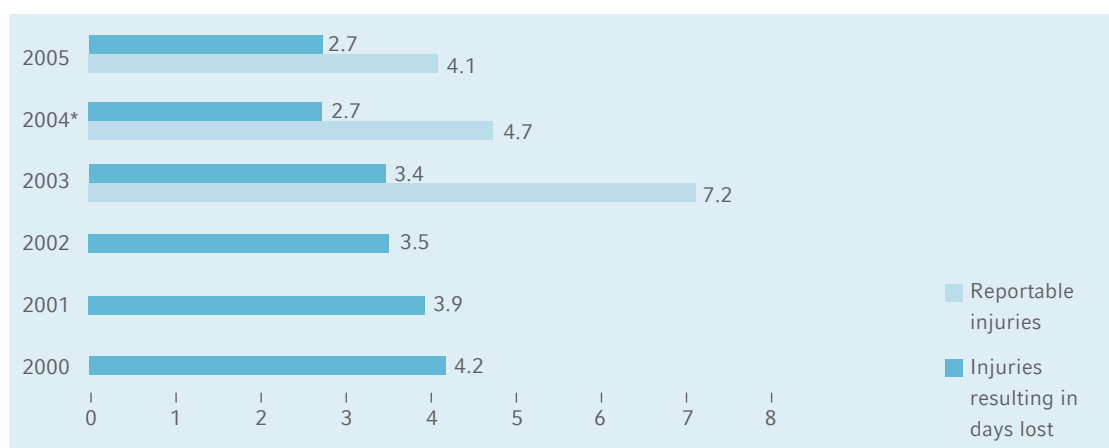
Reportable injuries include all injuries that require medical treatment that extends beyond First Aid. All injuries are counted, whether they give rise to days lost or not. This means that these injuries include both less serious injuries and injuries that do give rise to days lost (these usually being more severe injuries). This figure, which has been recorded at all sites since 2003, was 4.1 in 2005 (2004: 4.7).

There was a clear increase in the number of working hours of contractors at Bayer Group sites during 2005, primarily due to the building work at the Caojing site in China. The number of occupational injuries affecting contractors was nevertheless more or less the same as in the previous year. The data provide information on occupational injuries affecting employees from external companies that are not directly responsible to Bayer staff. Injuries in this case are only counted if they result in at least one day's absence from work.

Occupational injuries suffered by Bayer employees and resulting in absence from work (injuries for every million hours worked)

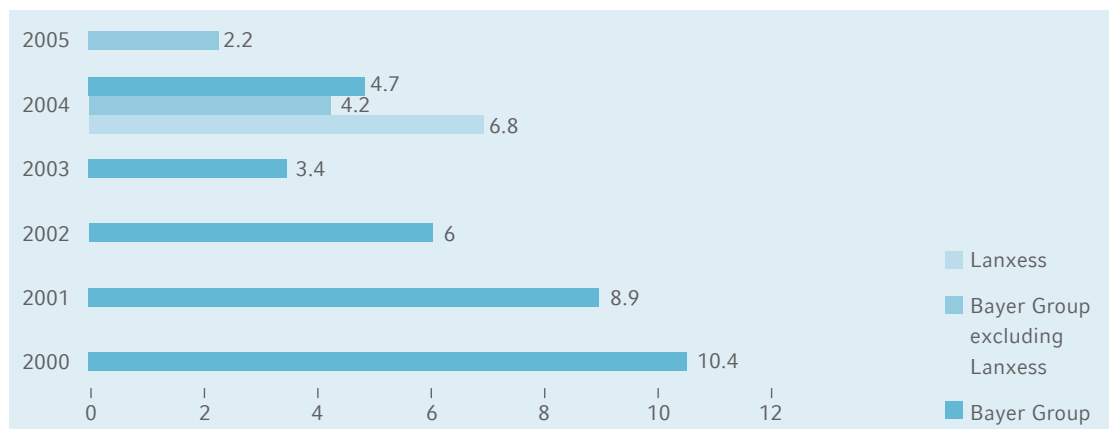


Occupational injuries suffered by Bayer employees requiring medical treatment (reportable injuries, injuries for every million hours worked)



* excluding Lanxess

Occupational injuries resulting in days lost suffered by contractors (injuries for every million hours worked)



Fatal occupational injuries

There were four cases of fatal work-related injuries at Bayer in 2005, resulting in the deaths of three Bayer employees and one employee from an external company. Two sales employees were killed in a traffic accident in Turkey, one employee died in an accident involving a lathe in Dormagen, and in Baytown (Texas, United States) an employee of one of our contractors died as a result of phenol poisoning.

	2001	2002	2003	2004	2005*
Fatal occupational injuries	3	1	2	7	4
Bayer employees	2	0	1	5**	3
Contractors' employees	1	1	1	2**	1

* Bayer excluding Lanxess

** including one injury at Lanxess

Economic indicators

Value added

The categories of value added indicate how the various stakeholders and Bayer itself participate in the Group's economic success. The total operating performance of the Bayer Group rose by 18.2 percent in 2005 to €28.8 billion. Value added was up 18.9 percent to €9.6 billion, primarily due to the gratifying development of net sales, which rose significantly on the previous year, up 17.6 percent to €27.4 billion. This value added can be broken down as follows: stockholders 7.2 percent (2004: 4.3 percent), employees 61.6 percent (2004: 78.8 percent) and governments 9.3 percent (2004: 6.7 percent). The remainder was retained by the company.

	2005	Change
Source	€ million	%
Net sales	27,383	+ 17.6
Other income	1,390	+ 30.0
Total operating performance	28,773	+ 18.2
Cost of materials	9,726	+ 9.6
Depreciation	1,835	- 6.3
Other expenses	7,609	+ 39.9
Value added	9,603	+ 18.9

	2005	Share
Distribution	€ million	%
Stockholders	694	7.2
Employees	5,912	61.6
Governments	889	9.3
Lenders	913	9.5
Earnings retention	1,195	12.4
Value added	9,603	100.0

Income taxes

Included under income taxes are those paid or accrued in the individual countries, plus deferred taxes.

Income taxes of the Bayer Group (in € million)

	2004	2005
Income taxes paid or accrued	(490)	(541)
Deferred taxes	17	(100)
Income taxes	(473)	(641)

Net sales by subgroup and segment

In 2005 Bayer increased sales by a substantial €4.1 billion to €27.4 billion (+17.6 percent). While there was a slight drop in sales at Bayer CropScience (−0.8 percent), Bayer HealthCare and Bayer MaterialScience recorded an increase in sales (+17.0 percent and +24.4 percent respectively). The Consumer Care and Materials segments made the biggest contributions (+76.3 percent and +25.8 percent respectively). Crop Protection, our second-most important source of sales revenue, recorded the biggest fall, at −1.7 percent.

Net sales by subgroup and segment

	2004	2004 share of Group	2005	2005 share of Group
€ million		%		%
HealthCare	8,058	35	9,429	34
Pharmaceuticals, Biological Products	3,961	17	4,067	15
Consumer Care	1,336	6	2,355	8
Diabetes Care, Diagnostics	1,975	9	2,151	8
Animal Health	786	3	856	3
CropScience	5,946	25	5,896	22
Crop Protection	4,957	21	4,874	18
Environmental Science, BioScience	989	4	1,022	4
MaterialScience	8,597	37	10,695	39
Materials	3,248	14	4,086	15
Systems	5,349	23	6,609	24
Reconciliation	677	3	1,363	5
Group	23,278	100	27,383	100
	Continuing operations			

In 2005 the Bayer Group spent €1,886 million on research and development (the 2004 figure excluding Lanxess was €1,927 million). This money was spent on improving our product portfolio and production processes and on developing new products.

Research and development expenses (in € million)

	2004	2005
Total	1,927	1,886
of which Bayer HealthCare	996	954
of which Bayer CropScience	679	664
of which Bayer MaterialScience	236	251
Lanxess	–	–
of which reconciliation	16	17

ASSURANCE



Independent Assurance Statement to Bayer AG Group Management

Introduction

We have reviewed Bayer Group Annual HSE Performance Data Collection Procedures and certain HR data collection procedures for the reporting period 2005 as described in the Bayer Sustainable Development 2005 (the 'Report'). These subject matters are the responsibility of the Bayer AG Group Management, with whom the objective and terms of the engagement were agreed. We are responsible for expressing our conclusions based on the engagement.

We have based our approach on emerging best practice for independent assurance of Sustainability reporting, including ISAE 3000 ("Assurance Engagements other than Audits or Reviews of Historical Financial Information"), issued by the International Auditing and Assurance Standards Board (IAASB).

Subject matter

The following subject matters were reviewed:

1. The procedures and practices, as described in 'Our Performance Indicators' (page 68), for the annual collection, compilation and validation of 2005 data from reporting objects on Health, Safety, and Environment (HSE) data.
2. The procedures and practices, as described in 'Our Performance Indicators' (page 68), for the annual collection, compilation and validation of the following HR data:
 - a. Group Leadership Circle: total number, gender, nationality
 - b. Training and development cost
 - c. Total number of employees
3. The presentation of the above-mentioned data in the Sustainable Development Report (pages 69 to 88) in accordance with criteria described in 'Our Performance Indicators'.
4. The implementation of the above subject matter 1 at nine reporting objects selected by us in consultation with Bayer AG: We visited Bayer Industry Services Leverkusen (Germany), Bayer HealthCare Elberfeld (Germany), Bayer HealthCare Berkeley (United States), Bayer MaterialScience Belford Roxo (Brazil), Bayer CropScience Belford Roxo (Brazil), and we engaged by phone and other means of communication with: Bayer MaterialScience Bomlitz (Germany), Bayer MaterialScience Map Tha Phut (Thailand), Bayer CropScience Hangzhou (China), Bayer HealthCare Milan (Italy).

Procedures

Our objective was to achieve limited assurance. Based on an assessment of materiality and risk, we have gathered and evaluated evidence supporting the conformity with criteria for the subject matters described. This work included analytical procedures and interviews with management representatives and employees at Bayer AG Group headquarters in Leverkusen and, with respect to the HSE data procedures, at the nine reporting objects mentioned above. These were performed on a sample basis, as we deemed necessary in the circumstance, but no substantial testing was undertaken. Therefore, the assurance that we obtained from our evidence-gathering procedures is limited. We believe that our work provides an appropriate basis for our conclusion.

Conclusions

In conclusion, in all material respects, nothing has come to our attention that causes us not to believe that:

- Bayer AG at Group level has applied detailed and systematic procedures for the purpose of collecting, compiling and validating 2005 HSE performance data from reporting objects, as specified.
- Bayer AG at Group level has applied detailed and systematic procedures for the purpose of collecting, compiling and validating certain HR data, as specified.
- The HSE performance data (pages 69–77 and 79–80 of the Report) and the HR data (page 78 of the Report) mentioned above have been appropriately presented in the Report in accordance with principles stated in 'Our Performance Indicators'.
- The nine reporting objects mentioned above have implemented the Group requirements to appropriately prepare and report to Bayer AG at Group level the requested performance data for HSE 2005.

Copenhagen, June 12, 2006

Deloitte

Statsautoriseret Revisionsaktieselskab

Preben J. Soerensen

State Authorized Public Accountant

Environment & Sustainability Services

Sustainability Program for 2006 onwards

Our Sustainability Program is based around the key areas of innovation, product stewardship, excellence in corporate management, social responsibility and responsibility for the environment. Within each of these areas of action, specific measures are assigned to each objective to ensure that it is achieved by the deadline. The objectives of all the subgroups and service companies have been incorporated into the Group Sustainability Program.

[www](#)

34 Implementation of objectives from previous years

Our objectives by 2010 (unless indicated otherwise)

Objective	Measure
Area of action: Innovation	
Promotion of a culture of innovation so that creative ideas and input from all employees can become utilizable for the Group.	Long-term, Group-wide innovation initiative: Implementation of the "Triple-i" program (Inspiration, Ideas and Innovations).
Promotion of research projects on protecting drinking water and freshwater.	Provision of funding and participation in project management for the National Geographic Global Exploration Fund set up by Bayer and National Geographic; in 2006/2007 initiation of socially relevant and innovative projects by external research groups on the new recovery, conservation and fair distribution of water resources.
Contribution to safeguarding the food supply of a growing world population.	Further development of plant biotechnology; development of plants with improved stress tolerance of dry conditions and creation of health-promoting types of canola.
Tapping potential of renewable resources.	Research work and technological developments for promising applications.
Selective, resource-optimized production of pharmaceutical active ingredients.	Creation and preparation of therapeutic proteins from plants (plant-made pharmaceuticals).
Provision of improved anticancer drugs.	Extension of indications of the anticancer drug Nexavar® to include liver, skin and lung cancer.
Provision of a drug to combat dangerous circulatory disorders.	Provision of thrombosis prophylaxis in the form of the oral Factor XA inhibitor (BAY 59-7939).

Extension of the duration of efficacy of Kogenate®, a drug recombinant to treat hemophilia.	New formulation based on liposome technology.
Energy conservation by reducing the weight in vehicles using polymer materials, e.g. for windows and structural parts.	Pilot projects with selected car makers and suppliers, for example for roof modules.
Preservation of vital resources by developing innovative polyurethane systems.	Ensuring the availability and high quality of water through the use of innovative and high-quality polyurethane systems for the simple, economical and time-saving rehabilitation of drinking water pipes.
Energy conservation in production processes.	Optimization of a production process for monomeric MDI (MDI = methylene diisocyanate, a raw material used to make polyurethane) for a new large-scale plant in China with a target energy saving of approx. 15 percent.

Area of action: Product stewardship

Ongoing work to secure substance information and its availability for all of our products.	Continuous updating of data records for own production > 1 metric ton, in line with changes to the product portfolio.
Implementation of the objective formulated at Johannesburg on the globally harmonized classification and labeling of substances and preparations.	Support of political interpretation and implementation in conjunction with other relevant regulations (GHS = globally harmonized system).
Improvement in biological effectiveness of crop protection products, coupled with a favorable environmental and health profile.	Management and further development of the Bayer CropScience product portfolio.
Permanent ongoing safeguarding of compliance with regulations on drug safety and quality assurance with regard to human drugs.	Implementation and monitoring of the policy on detailed information obligations, procedures and contact partners for drug safety and quality assurance.

Area of action: Excellence in corporate management

Employment: Ongoing improvement of internal work processes and employee motivation.	Continuation of regular worldwide satisfaction analysis of managerial staff; implementation of global leadership principles coupled with performance assessment, utilization of the experience gained from pilot studies in Italy.
Management of process to implement the Directive on Health, Safety, Environment and Quality (HSEQ) Audits.	Implementation of subgroup-specific HSEQ management systems and complete auditing of these in all regions.

Improvement of communication within the global Bayer organization.	Full implementation of English as Group working language among managers including through the introduction of broadly based training programs.
Improvement of performance of all managers.	Further extension of 360° Feedback processes to include employees with managerial responsibility.

Area of action: Social responsibility

Worldwide promotion of environmental knowledge among young people.	Expansion of cooperation with the United Nations Environment Programme (UNEP), including strengthening of youth environmental networks and capacity building programs in Latin America and Africa.
Strengthening of basic understanding of natural science in schools.	Establishment in Japan of the “Making Science Make Sense” program founded in the United States and already applied in the United Kingdom and Ireland.
Promotion of access to school and vocational education for children and young people, particularly in newly industrializing and developing nations.	Cooperation with regional organizations, initiating own programs to protect and educate young people. Raising of awareness in relevant locations, such as India.
Promotion of education in sustainable development and improvement of environmental awareness in newly industrializing countries (capacity building) in line with voluntary undertaking by the chemical industry based on the Johannesburg Declaration and the ICCM (SAICM).	Development of a training program and financial and HR support for the establishment of a chair in sustainable development at Tongji University in Shanghai, China.
Support for education, science and research.	Reorganization of Bayer foundations focusing more strongly on promoting knowledge and increasing the budget.
Investigation whether the duration of treatment for tuberculosis can be reduced by around half by using the active substance moxifloxacin.	Bayer is collaborating with the Global TB Alliance to supply the active substance moxifloxacin free of charge for a global study program. If the trials are successful, the intention is to have moxifloxacin approved for the indication TB and to make it available to patients in developing countries at affordable prices.
Responsible approach to genetic engineering.	Implementation of new Bayer policy on genetic engineering and specific regulations in the subgroups and service companies.
Occupational safety: Reduction in number of occupational injuries with lost days per 1 million hours worked (MAQ < 2).	Continuation of our consistent safety management approach.

<p>Diversity: Consistent implementation of our corporate values in the area of equal opportunities for all regardless of gender, nationality, color, religion, sexual persuasion or age.</p>	<p>Consistent implementation of Group-wide Program for Legal Compliance and Corporate Responsibility of May 2004; full implementation of a globally harmonized compensation system for Group Leadership Circles 1 to 3.</p>
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Area of action: Responsibility for the environment

<p>Water emissions: Ten percent reduction in discharge of TOCs and nitrogen into receiving waters per metric ton of sales product.</p>	<p>For competition reasons we do not publicize our measures in this area.</p>
<p>Air emissions: 30 percent reduction in VOC emissions per metric ton of sales product.</p>	
<p>Air emissions: Further ongoing optimization of energy efficiency in our production plants with the goal of reducing emissions of greenhouse gases by ten percent per metric ton of sales product (by 2015)</p>	
<p>Air emissions: Compliance with a maximum limit for ODS emissions (Ozone Depleting Substances) of less than 20 metric tons per year (CFC 11 equivalents).</p>	
<p>Waste: Reduction in the volume of hazardous production waste to less than 2.5 percent per metric ton of sales product.</p>	
<p>Energy consumption: Ten percent reduction in specific energy consumption per metric ton of sold product by 2015.</p>	

Systems that enable Bayer to support the implementation of the Global Compact

Through our support for the United Nations Global Compact, our goal is to set higher standards in human rights, labor rights and environmental protection. The following table shows which policies, programs and management systems already introduced by Bayer support the ten principles of the Global Compact. Further information on the Global Compact can be found at www.unglobalcompact.org

Principles	Bayer systems
Principle 1	
Support for human rights	Social charter (p. 47) Procurement Community Policy (p. 17)
Principle 2	
Exclusion of any abuses of human rights	Supplier Relationship Management System (p. 17)
Principle 3	
Upholding of freedom of association	Group Works Council (p. 47) Bayer European Forum (p. 47)
Principle 4	
Abolition of all forms of forced labor	Supplier Relationship Management System (p. 17)
Principle 5	
Abolition of child labor	Supplier Relationship Management System (p. 17, 51)
Principle 6	
Elimination of discrimination	Bayer Diversity Advisory Council (p. 45) Working Group on Promotion of Equal Opportunities (p. 45)
Principle 7	
Precautionary approach to environmental challenges	Bayer Eco-Check (p. 34) HSEQ management systems (p. 16)
Principle 8	
Specific commitment to environmental protection	Group Sustainability Program (p. 84 et seq.)
Principle 9	
Development and diffusion of environmentally friendly technologies	Environmentally oriented system solutions and process optimization by Bayer Technology Services (p. 64)
Principle 10	
Anti-corruption measures	Code of conduct (p. 13, 30)