



Science For A Better Life



ESG – Reporting: marketing and communication efforts or also a strategic vision

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Forward Looking Statements

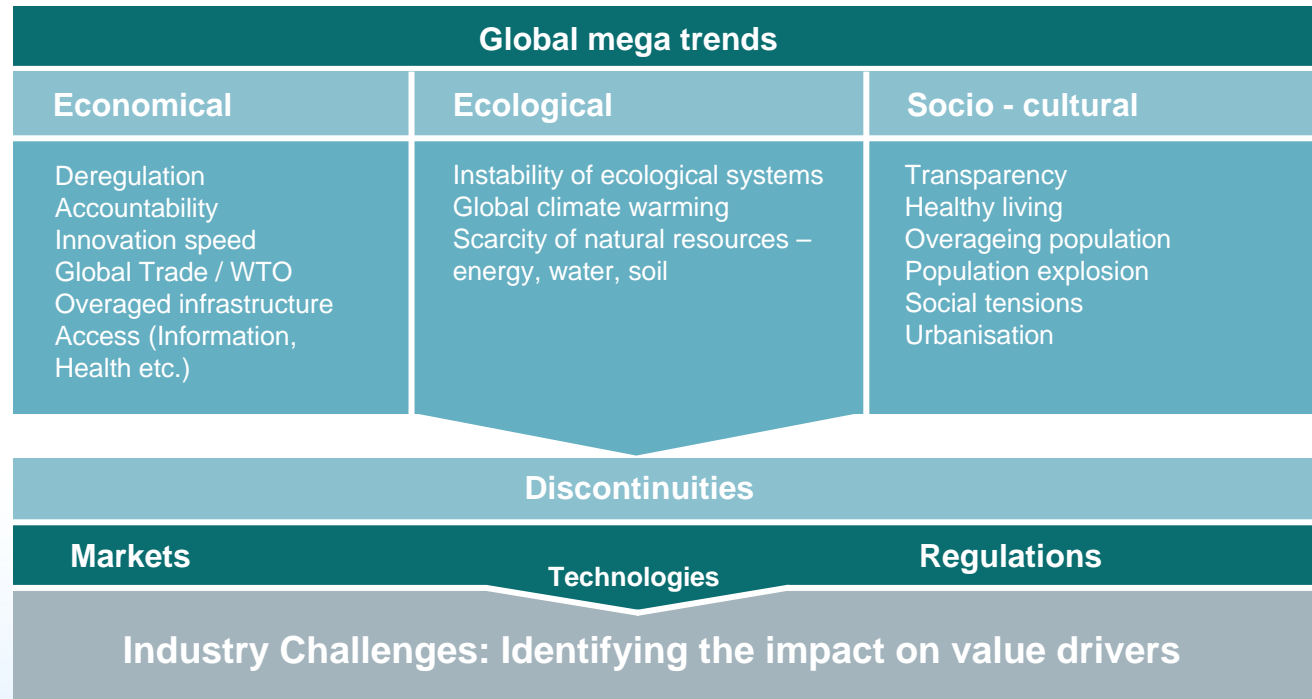
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Global Mega Trends impact Corporate Behaviour



Top Issues in the public debate

- Climate Change
- Water Scarcity
- Access to Health Care
- Nutrition



Source:  12/2004

Stakeholder Expectations – The Transparency Imperative



Investors

Financial performance
Sustainable growth
Material risks
ESG - Indicators

Business Partners

Supply chain responsibility
Attractive workplaces
Diversity & Opportunity

Corporations: concrete advantages, Key Performance Indicators

- Better management of sustainability issues
- Risk reduction
- Reputation enhancement
- Stakeholder relation
- Investor relation
- Internal performance benchmarking

Framework

Compliance
Corporate Governance
Cooperation
Advocacy
Open exchange of opinions

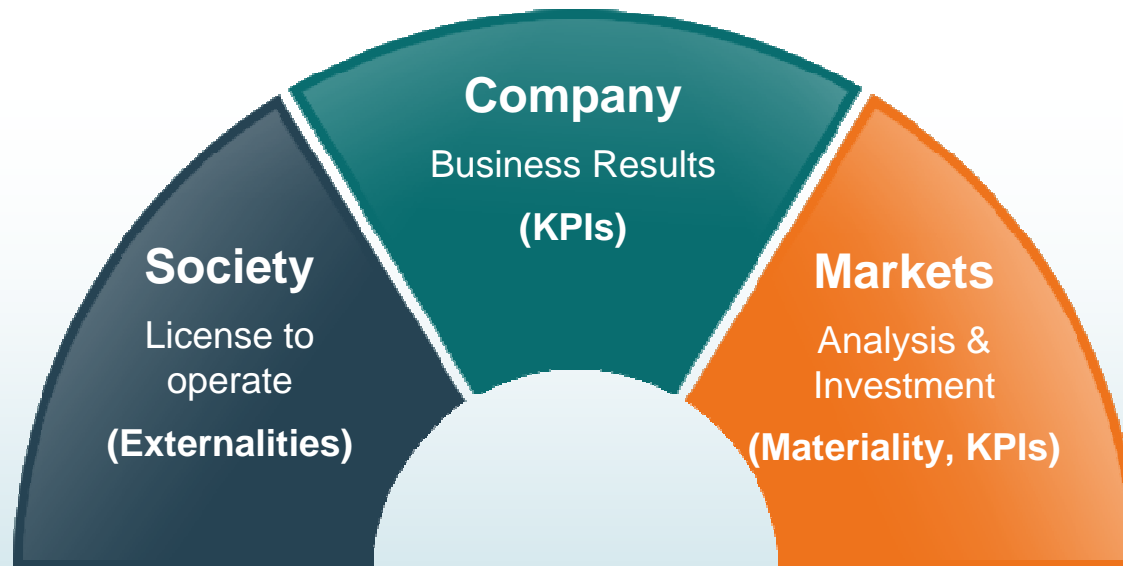
Interest Groups

Transparency
Accountability
Responsiveness to stakeholder issues

The Challenge for Reporting



Different Groups have different needs



Clarity increased of what is expected from SD-reporting

SD Reporting – Development in the last Decade



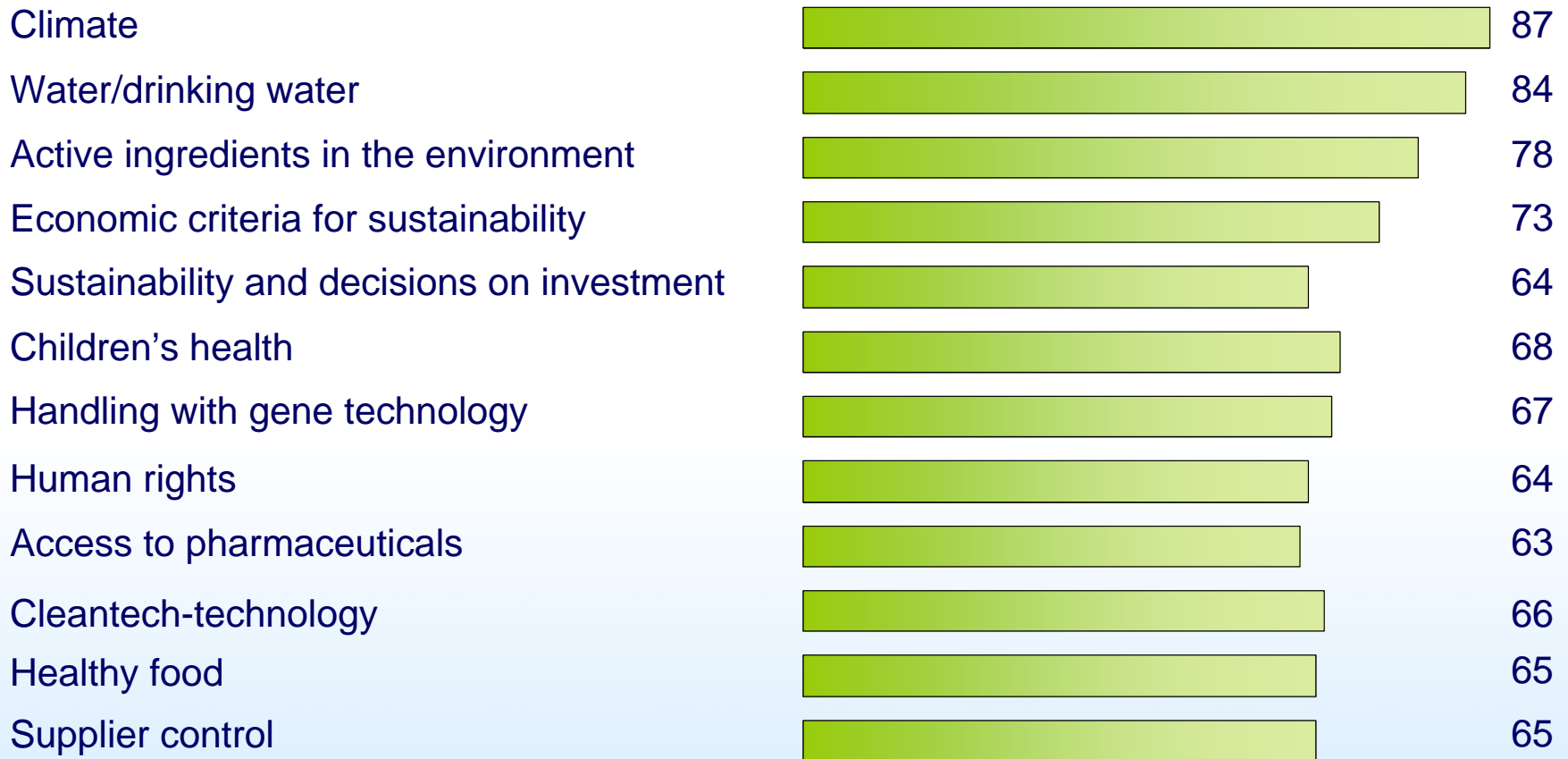
- **Increased practical experience from report preparers and report users**
Sound process, relevant and material issues
- **Optimized Network**
Stakeholder survey, Stakeholder engagement
- **Development of Organization**
Internal SD-Organizations, goals as management tools;
fostered stakeholder organization
- **Maturity of Reporting Guidance and “Standards”**
GRI G3 Guideline, CoP Global Compact, ISO 26 000 development,
AA 1000, ESG of financial community, legal requirements

Bayer sustainability strategy focuses on business relevance



Objective: To operate economically sustainable and successfully in accordance with societal needs and objectives

Topics expected by stakeholders regarding future reporting



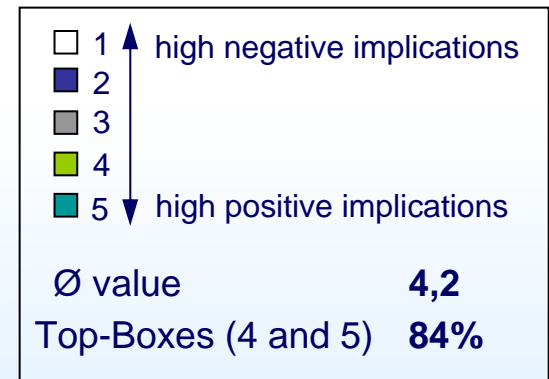
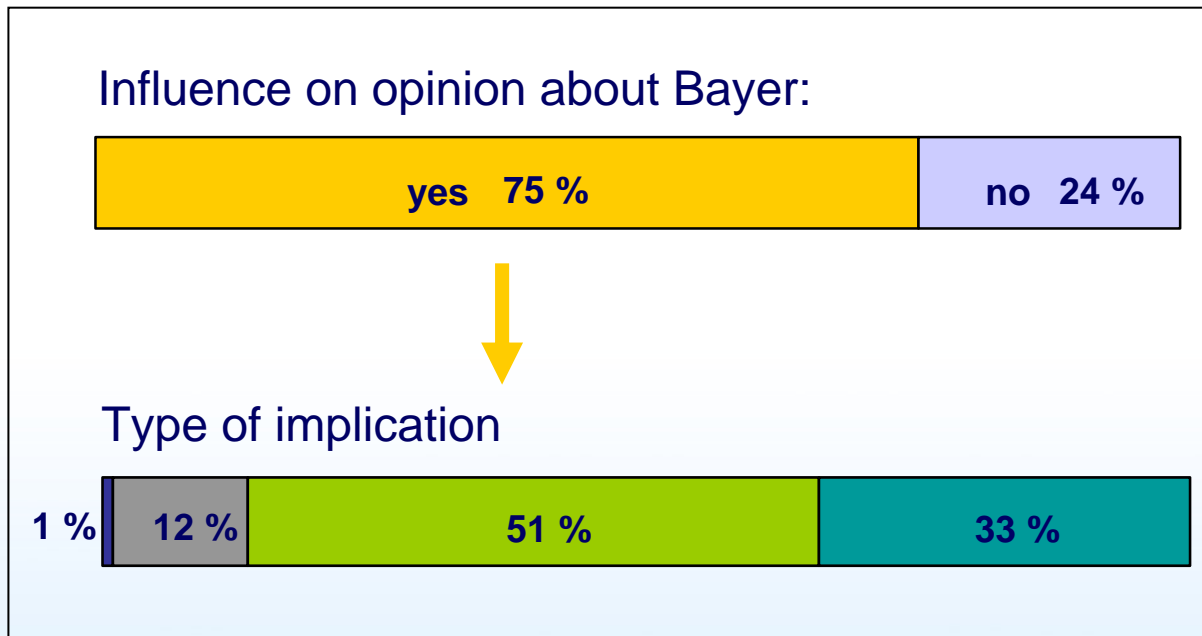
Source: Bayer Stakeholder survey, 2008

(data in percentage, multiple answers possible)

Influence of SD Report on opinion about Bayer



Results of stakeholder survey



n = 140 and 105; fil: part of Bayer Sustainability Development Report

Questions 30, 31: Do you think the Sustainable Development report has influence on your opinion of Bayer? Are there high positive or negative implications for the Bayer reputation?

Bayer Sustainable Development Report 2007

– Key enhancements and deliverables



- New structure: Performance Report incorporates: qualitative and quantitative statements and data for each topic
- Materiality criteria:
 - External challenges
 - Corporate Responsibility
 - Contributions by products
 - Results of stakeholder surveys
- GRI Guidelines G3: A+ (GRI checked)
- External assurance by Ernst & Young



www.sustainability.bayer.com

⇒ Transparency, materiality, completeness, inclusiveness, credibility



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