



Science For A Better Life

**Bayer
Annual
Report**

2014

UN Global Compact
Bayer Progress Report 2014
based on the Blueprint for
Corporate Sustainability
Leadership Criteria
Summary

UN Global Compact

Bayer COP Reporting 2014 based on the UNGC Blueprint for Corporate Sustainability Leadership Criteria – Summary

Bayer has supported the United Nations Global Compact (UNGC) since its foundation in 2000. We want to make a positive contribution to the social and environmental side of globalization by raising standards in the fields of human rights, labor rights and environmental protection and in the fight against corruption. In 2011 Bayer was one of the first signatories of "LEAD," the platform for corporate sustainability leadership of the Global Compact.

Bayer provides a Communication on Progress (COP) toward UNGC goals and principles in the form of an integrated "Annual Report" ("Bayer Annual Report 2014 – Augmented Version": www.bayer.com/ar14). This COP contains a statement by the CEO expressing continued support for the Global Compact and renewing our company's ongoing commitment to the initiative and its principles. We report our progress in implementing the 10 UNGC principles at the Advanced Level and additional aspects.

The time period covered by this COP: January 1, 2014 to December 31, 2014.

The tables below provide an overview of our reporting in relation to the UN Global Compact Blueprint for Corporate Sustainability Leadership criteria and where to find the information in our COP. In our page references and online annexes (OA = online annex (numbered)) we refer to the "Bayer Annual Report 2014 – Augmented Version" in English.

Blueprint Criteria	Reference pages and online annexes referring to "Bayer Annual Report 2014 – Augmented Version" Additional Comments and links added
IMPLEMENTING THE 10 PRINCIPLES IN STRATEGIES AND OPERATIONS	
FULL COVERAGE AND INTEGRATION ACROSS PRINCIPLES	
1. Implement all the 10 UN Global Compact principles in strategies and operations.	A concise summary of the implementation of the 10 Principles into Strategies and Operations can be found on page 3f.
2. Design corporate sustainability strategy to leverage synergies between and among issue areas and to deal adequately with trade-offs.	79f.; OA 3-6-2
3. Ensure that different corporate functions coordinate closely to maximize performance and avoid unintended negative impacts.	79f., 92, 115, 123, 125, 144, 213f., 190f.
ROBUST MANAGEMENT POLICIES AND PROCEDURES	
4. Assess risks and opportunities on an ongoing basis at both enterprise and product level and undertake due diligence to ensure that the company identifies any negative impacts caused by its operations and activities.	Risk management: 189, 213–221 Compliance: 190f. Process, plant & transport safety: 123, 125–127 Product stewardship: 114–123, 219 Acquisitions: 127
5. Develop strategies and policies specific to the company's operating context – as well as scenarios for the future – and establish measurable short, medium, and long term goals.	Strategies & policies: 48f., 62, 66f., 79f., 98, 102, 108, 114, 134, 139; OA 3-3-BHC-1, 3-6-2 Goals: 49–51, 80
6. Engage and educate employees through training activities, the development and adjustment of business processes, and sound incentive programs.	Training: 93, 95, 99, 103, 190f.; OA 3-7-8, 3-8-5, 3-9-BHC-2, 3-11-3, 3-18.3-2 Incentives: 91, 97f., 194
7. Implement a system to track and measure performance based on standardized performance metrics.	31, 52, 92; OA 3-6-1

Blueprint Criteria	Reference pages and online annexes referring to "Bayer Annual Report 2014 – Augmented Version" Additional Comments and links added
MAINSTREAMING INTO CORPORATE FUNCTIONS AND BUSINESS UNITS	
8. Place responsibility for execution of sustainability strategy in relevant corporate functions (procurement, government affairs, human resources, legal, etc.) and ensure that no function is operating in conflict with the sustainability commitments and objectives of the company.	79f., 101, 123, 144, 146, 185f., 190, 214; OA 3-6-1
9. Align strategies, goals and incentive structures of all business units and subsidiaries with corporate sustainability strategy.	Strategies: 48f., 52, 79f.; OA 3-6-1 Goals: 49–51, 134f. Incentives: 91, 97f.
10. Assign responsibility for corporate sustainability implementation to an individual or group within each business unit and subsidiary.	79f.; OA 3-6-1
VALUE CHAIN IMPLEMENTATION	
11. Analyze each segment of the value chain carefully, both upstream and downstream, when mapping risks, opportunities and impacts.	48f., 52f., 81, 98, 101–103, 108, 114, 214–221; OA 3-6-1
12. Communicate policies and expectations to suppliers and other relevant business partners.	50, 102–104; OA 3-6-2, 3-8-2, 3-8-3, 3-8-5
13. Implement monitoring and assurance mechanisms within company's sphere of influence.	102–104, 116f.; OA 3-8-2, 3-8-3, 3-8-4, 3-8-6
14. Undertake awareness-raising, training and other types of capability building with suppliers and other business partners.	103f., 120; OA 3-8-5, 3-10-BCS-2

***CRITERIA 1: IMPLEMENT ALL THE 10 PRINCIPLES WITHIN THE STRATEGIES AND OPERATIONS**

The following table provides a concise summary of the activities and management systems at Bayer that support the 10 principles of the Global Compact and the results which were achieved in 2014.

UNGC PRINCIPLE 1: SUPPORT OF HUMAN RIGHTS

Systems	Measures 2014	Achievements 2014
<ul style="list-style-type: none"> • Human Rights Position, 98; OA 3-6-1, 3-6-2 • Corporate Compliance Policy, 190; OA 3-6-1, 3-6-2 • Bayer Sustainable Development Policy, 127; OA 3-6-1, 3-6-2 • Supplier Code of Conduct, 102; OA 3-6-2, 3-8-3 • Procedure for selecting and evaluating suppliers, 103f.; OA 3-8-5, 3-8-6 • Group-wide directives on occupational health and safety, 125f.; OA 3-6-2 • HSEQ management, 123, 125, 126 • HSEQ Committee, OA 3-6-1 • Non-financial Targets, p. 50–51 • In case of acquisitions we examine prior to the transaction whether the applicable environmental and occupational safety regulations and fundamental employee rights are complied with at the production sites in question, 127 	<ul style="list-style-type: none"> • The information and training program on human rights is part of mandatory human rights training sessions or obligatory compliance training at many of our sites, 99 • Continuous information and training on the theme of compliance, 191; OA 3-18.3-2 • Purchaser training on sustainability and on the Supplier Code of Conduct, 103; OA 3-8-5 • The Supplier Code of Conduct forms the general basis for our collaboration. It is legally binding and integrated into electronic ordering systems and contracts throughout the Group, 102; OA 3-8-3 • Participation in sector initiatives for suppliers (TfS, PSCI) for the development and introduction of new sustainability standards for our suppliers, 102; OA 3-8-3 • "Behavioral Safety" at the heart of numerous programs and training courses and focus of Global Safety Day 2014, 125; OA 3-11-2 • Group-wide Top Performance in Process and Plant Safety (TOPPS) initiative, 125; OA 3-11-3 • Group-wide Transportation Safety Platform, 126 	<ul style="list-style-type: none"> • We organized a variety of training seminars in 2014 on the main aspects of our Human Rights Position. Courses totaling 240,000 hours in duration were offered and were attended by approximately 53% of our workforce, 99 • In 2014, 36,288 Bayer managers, or 94% of the global total, took at least one compliance training course, OA 3-18.3-2 • 337 procurement employees received comprehensive training on our sustainability assessment process, OA 3-8-5 • Supplier days in China and Turkey addressing sustainability requirements, 104 • Number of occupational injuries to Bayer employees that led to lost days fell again (to 0.43 RIR), 124

UNGC PRINCIPLE 2: EXCLUSION OF HUMAN RIGHTS VIOLATIONS

Systems	Measures 2014	Achievements 2014
<ul style="list-style-type: none"> Human Rights Position, 98; OA 3-6-1, 3-6-2 Corporate Compliance Policy, 190; OA 3-6-1, 3-6-2 Supplier Code of Conduct, 102; OA 3-6-2, 3-8-3 Procedure for selecting and evaluating suppliers, 103f.; OA 3-8-5, 3-8-6 In case of acquisitions we examine prior to the transaction whether the applicable environmental and occupational safety regulations and fundamental employee rights are complied with at the production sites in question, 127 	<ul style="list-style-type: none"> The information and training program on human rights is part of mandatory human rights training sessions or obligatory compliance training at many of our sites, 99 The Supplier Code of Conduct is a fixed element of our supplier selection and evaluation process, 102; OA 3-8-3 Supplier assessments and audits, 103; OA 3-8-2, 3-8-4 Participation in sector initiatives for suppliers (TfS, PSCI) for the development and introduction of new sustainability standards for our suppliers, 102; OA 3-8-3 	<ul style="list-style-type: none"> In 2014, 692 supplier assessments were conducted via the EcoVadis platform, and a further 2,605 assessments were carried out within the TFS Initiative, OA 3-8-4

UNGC PRINCIPLE 3: OBSERVANCE OF THE RIGHT TO FREEDOM OF ASSOCIATION

Systems	Measures 2014	Achievements 2014
<ul style="list-style-type: none"> Collective agreements such as sector or in-house agreements, 99 Bayer European Forum, OA 3-7-7 Human Rights Position, 98; OA 3-6-1, 3-6-2 Supplier Code of Conduct, 102; OA 3-6-2, 3-8-3 	<ul style="list-style-type: none"> The information and training program on human rights is part of mandatory human rights training sessions or obligatory compliance training at many of our sites, 99 The Supplier Code of Conduct is a fixed element of our supplier selection and evaluation process, 102; OA 3-8-3 Supplier assessments and audits, 103; OA 3-8-2, 3-8-4 	<ul style="list-style-type: none"> 337 procurement employees received comprehensive training on our sustainability assessment process, OA 3-8-5 In 2014, 692 supplier assessments were conducted via the EcoVadis platform, and a further 2,605 assessments were carried out within the TFS Initiative, OA 3-8-4

UNGC PRINCIPLE 4: ABOLITION OF ALL FORMS OF FORCED LABOR

Systems	Measures 2014	Achievements 2014
<ul style="list-style-type: none"> Human Rights Position, 98; OA 3-6-1, 3-6-2 Corporate Compliance organization, 190f. Supplier Code of Conduct, 102; OA 3-6-2, 3-8-3 Procedure for selecting and evaluating suppliers, 103f.; OA 3-8-5, 3-8-6 	<ul style="list-style-type: none"> Purchaser training on sustainability and on the Supplier Code of Conduct, 103; OA 3-8-5 The Supplier Code of Conduct is a fixed element of our supplier selection and evaluation process, 102; OA 3-8-3 Supplier assessments and audits, 103; OA 3-8-2, 3-8-4 	<ul style="list-style-type: none"> 337 procurement employees received comprehensive training on our sustainability assessment process, OA 3-8-5 In 2014, 692 supplier assessments were conducted via the EcoVadis platform, a further 2,605 assessments were carried out within the TFS Initiative, OA 3-8-4

UNGC PRINCIPLE 5: ABOLITION OF CHILD LABOR

Systems	Measures 2014	Achievements 2014
<ul style="list-style-type: none"> Human Rights Position, 98; OA 3-6-1, 3-6-2 Corporate Compliance organization, 190f. Supplier Code of Conduct, 102; OA 3-6-2, 3-8-3 Procedure for selecting and evaluating suppliers, 103f.; OA 3-8-5, 3-8-6 Bayer Child Care Program, 104; OA 3-8-6 	<ul style="list-style-type: none"> In-depth information about Bayer CropScience Child Care Program: http://www.childcareprogram.bayercropscience.com Learning for Life initiative (India) for improved personal circumstances (in cooperation with NGO), OA 3-8-6 The Supplier Code of Conduct is a fixed element of our supplier selection and evaluation process, 102; OA 3-8-3 Supplier assessments and audits, 103; OA 3-8-2, 3-8-4 Participation in sector initiatives for suppliers (TfS, PSCI) for the development and introduction of new sustainability standards for our suppliers, 102; OA 3-8-3 	<ul style="list-style-type: none"> Brochures about the Bayer CropScience Child Care Program (Bayer CropScience Website http://www.cropscience.bayer.com/en/Commitment/Rural-development.aspx) Renewed confirmation by audits that there is no systematic child labor in the supply chain for cotton seeds and vegetable seeds in India, OA 3-8-6 Bayer Child Care Program expanded to Bangladesh and the Philippines (both rice seed), 104; OA 3-8-6 Learning for Life initiative (India): more than 5,800 children and young people benefited from this initiative between 2005 and 2014, OA 3-8-6 In 2014, 692 supplier assessments were conducted via the EcoVadis platform, and a further 2,605 assessments were carried out within the TFS Initiative, OA 3-8-4

UNGC PRINCIPLE 6: ELIMINATION OF DISCRIMINATION

Systems	Measures 2014	Achievements 2014
<ul style="list-style-type: none"> Human Rights Position, 98; OA 3-6-1, 3-6-2 Bayer diversity strategy (activities in this area are bundled under the topic "Leading Across Cultures and Genders"), 49, 95, 97 Employment of disabled people, 100 Flexible working opportunities; support for families, 96f. Corporate Compliance Policy, 190; OA 3-6-1, 3-6-2 Supplier Code of Conduct, 102; OA 3-6-2, 3-8-3 	<ul style="list-style-type: none"> Target: increase in the proportion of women in senior management positions to 30%, 96 Target: increase in the proportion of Senior managers from outside the E.U., the United States or Canada to 25%, 96 Program "Leading Across Cultures and Genders" with special training sessions for managers, 95 General Works Agreement on caring for close relatives came into effect at Bayer in Germany in April 2014, 97; OA 3-7-12 Online tool "GlobeSmart," which is available over the Bayer intranet, gives employees access to detailed information on how to conduct business effectively with people from around the world from different cultures and customs in more than 80 countries 	<ul style="list-style-type: none"> Women accounted for 26% of senior management worldwide in 2014, 96 625 attendances in the training sessions "Leading Across Cultures and Genders," OA 3-7-8

UNGC PRINCIPLE 7: PRECAUTIONARY ENVIRONMENTAL PROTECTION

Systems	Measures 2014	Achievements 2014
<ul style="list-style-type: none"> Bayer Sustainable Development Policy, 127; OA 3-6-1, 3-6-2 HSEQ management systems, 123, 127, 144 Environmental risk management, 114 Respect of precautionary principle, 114; OA 3-10-1 Responsible Care™ Initiative, 114 Global Product Strategy, 115 Implementation of the Globally Harmonized System (GHS) for the classification and labeling of chemicals, 115 Supplier Code of Conduct, 102; OA 3-6-2, 3-8-3 Group Position on biodiversity, 139; OA 3-12.5-1 "BayRisk" instruction, 215f. 	<ul style="list-style-type: none"> Regular HSE(Q) audits, 123, 127, 144f. Group-wide initiative on process & plant safety, 125; OA 3-11-3 REACH regulation: Group-wide and subgroup-specific directives, 115; OA 3-10-3 Product stewardship target: assessment of the hazard potential of all substances used >1 metric ton p.a., 51, 115 Analysis of pharmaceuticals in the environment, 119; OA 3-10-BHC-2 Training in responsible use of pesticides, 120; OA 3-10-BCS-2 Launch of an extensive bee monitoring program that is being implemented in five European countries, OA 3-10-BCS-3 Biodiversity projects, OA 3-12.5-1 	<ul style="list-style-type: none"> In India, Bayer CropScience has trained more than 32,000 farmers in good agricultural practice. In 2014 almost 25,000 farmers in the Andean region were trained in proper and safe handling of our products and approximately 24,000 farmers in the Central America and Caribbean region (excluding Mexico) and in numerous African countries in 2014, OA 3-10-BCS-2 Continuation of inputs to the "GPS Safety Summaries" (online information portal of International Council of Chemical Associations, ICCA), 115

UNGC PRINCIPLE 8: SPECIFIC COMMITMENT TO ENVIRONMENTAL PROTECTION

Systems	Measures 2014	Achievements 2014
<ul style="list-style-type: none"> Bayer Sustainable Development Policy, 132; OA 3-6-4 HSEQ management systems, 123, 127, 144 Target: GHG emissions reduction and energy efficiency improvement, 51 Responsible Care™ Initiative, 114 Bayer Climate Program, 129–131 UNGC CEO Water Mandate, 134 Bayer Water Position, 134f. UNGC Caring for Climate Initiative, OA 3-6-4 Evaluation of environmental effects for investment projects exceeding €10 million, 127 	<ul style="list-style-type: none"> Bayer MaterialScience completed the introduction of STRUCTese™ (Structured Efficiency System for Energy) energy management system (certified to ISO 50001) in 2014, OA 3-12.2-1 Participation in CDP, 129, 133; OA 3-12.2-6 Participation in CDP Water, 134; OA 3-12.3-1 Regular HSE(Q) audits, 123, 127, 144f. Reduction target for specific CO₂ emissions of the Group's global fleet implemented in 2013 as part of the Bayer EcoFleet initiative, OA 3-12.2-3 	<ul style="list-style-type: none"> The STRUCTese™ energy management system has successfully been installed in 58 particularly energy-intensive plants; In 2014 the annual energy saving amounted to around 1.5 million MWh, while CO₂ emissions were cut by around 428,000 metric tons, OA 3-12.2-1 Reduction of specific energy consumption, 129 Reduction in emissions of ODS and VOC, 133f. Reduction in water consumption, 136 Reduction in emissions into water, 137

UNGC PRINCIPLE 9: DIFFUSION OF ENVIRONMENTALLY FRIENDLY TECHNOLOGIES

Systems	Measures 2014	Achievements 2014
<ul style="list-style-type: none"> Core business of Bayer MaterialScience and Bayer Technology Services, 60f., 78, 79 Target: Bayer MaterialScience: improvement of production process technology to achieve better energy efficiency, 51 	<ul style="list-style-type: none"> Oxygen depolarized cathode technology in chlorine production cuts electricity requirements, for example, by 30% compared with the standard process, OA 3-12.2-1 Gas phase technology in polyurethane production reduces consumption of energy by 60% and of solvents by 80%, OA 3-12.2-1 Use of waste material and CO₂ from utilities as alternative raw material for the production of high-quality plastics, OA 3-12.2-1 Light-weight solutions for mobility industries, OA 3-12.2-2 Waste incineration plants operated by Currenta, OA 3-12.2-4 Currenta process for the thermal treatment of composite materials, OA 3-12.4-2 New process for recycling polymer residues from plastics production at the Chempark Krefeld-Uerdingen site, OA 3-12.4-2 Bayer MaterialScience developed a new generation of purely waterborne polyurethane dispersions. Technology was launched in 2014, 78 	<ul style="list-style-type: none"> Oxygen depolarized cathode technology: the process is marketed globally, OA 3-12.2-1 Gas phase technology is used at the new TDI plant with an annual capacity of 300,000 metric tons that went into operation at the Dormagen site in Germany at the end of 2014, OA 3-12.2-1 Bayer is progressing with the use of carbon dioxide as a new source of carbon for polyurethanes. In 2014 transitioning of an existing research project ("Dream Production") to commercial use began, 78 The waste incineration plants operated by Currenta reduce emissions by 200,000 metric tons of CO₂ per year compared to fossil fuel use, OA 3-12.2-4 Currenta process for the thermal treatment of composite materials: almost 1,500 metric tons of batteries were treated in the rotary kiln in 2014, OA 3-12.4-2 40% of Bayer's business activities (based on energy consumption) are certified to ISO 50001, 145

UNGC PRINCIPLE 10: MEASURES TO FIGHT CORRUPTION

Systems	Measures 2014	Achievements 2014
<ul style="list-style-type: none"> Target: risk assessment and training, 51 Corporate Compliance Policy and organization, 190f.; OA 3-6-1, 3-6-2 Compliance Charta implementation, 190f. Group-wide Integrated Compliance Management (ICM), 191; OA 3-18.3-1 Anonymous compliance hotline, 192 Directive on the Management of Compliance Incidents, 192 Code of Conduct for Responsible Lobbying, OA 3-6-2 Responsible Marketing & Sales Policy, 108 Directive on Integrity & Responsibility in Communications and Marketing, 110 Adherence to Ethical Criteria for Medicinal Drug Promotion of WHO, 110 Code of the "Voluntary Self-Monitoring by the Pharmaceutical Industry" (FSA) association, 110 Bayer HealthCare "Anti-Corruption Compliance Manual," 110; OA 3-9-BHC-2 Supplier Code of Conduct, 102; OA 3-6-2, 3-8-3 	<ul style="list-style-type: none"> Compliance organization implementing international standards, 190 Bayer's Corporate Audit Department regularly verifies adherence to the Corporate Compliance Policy, 190 Roundtable meetings (as part of ICM) to discuss identified compliance risks and coordinate steps to avert them, OA 3-18.3-1 Standardized web-based training program for new hires incorporating basic information on the subjects of compliance, anticorruption measures and antitrust law, OA 3-18.3-2 Continuous information and training on the theme of compliance, OA 3-18.3-2 New global web-based training program in 75 countries on the subject of antitrust violations, OA 3-18.3-2 The issue of corporate compliance is a permanent part of the performance targets agreed with the members of the Group Leadership Circle, 190 Compensation Report/Performance-related components: target attainment also takes into account qualitative objectives including safety, compliance and sustainability aspects, 194 In 2014 Bayer signed the Call to Action against corruption: https://www.unglobalcompact.org/docs/issues_doc/Anti-Corruption/Call_to_Action_Global_Development_Agenda_Signatories.pdf Launch: Procedure BHC Anti-Corruption Compliance Manual, 110 Entry in transparency registers of the European Parliament and the U. S. Congress, 85 	<ul style="list-style-type: none"> In 2014, 219 audits, including 62 compliance audits, were performed by Bayer's Corporate Audit Department on the basis of a risk-oriented audit plan that takes potential corruption and other risks into account. Observance of the Corporate Compliance Policy is also a focus of all regular audits, 190 65 roundtables on compliance risks were held following their introduction in May 2014, 191; OA 3-18.3-1 In 2014, 36,288 Bayer managers, or 94% of the global total, took at least one compliance training course, OA 3-8-2 New global web-based training program on antitrust violations already been completed by 27,435 employees, OA 3-18.3-2 Web-based training program was completed by 3,145 newly hired employees in 2014, OA 3-18.3-2 Bayer HealthCare global anti-corruption training program continued, OA 3-9-BHC-2 Supplier assessments and audits conducted in 2014, OA 3-8-4 337 procurement employees received comprehensive training on sustainability assessment process, OA 3-8-5

Blueprint Criteria	Reference pages and online annexes referring to "Bayer Annual Report 2014 – Augmented Version" Additional Comments and links added
TAKING ACTION IN SUPPORT OF BROADER UN GOALS AND ISSUES	
CORE BUSINESS CONTRIBUTIONS TO UN GOALS AND ISSUES	
15. Align core business strategy with one or more relevant UN goals/issues.	Communication on Progress 2014: "Bayer Annual Report 2014 – Augmented Version"
16. Develop relevant products and services or design business models that contribute to UN goals/issues.	57, 59–61, 129–130, 217f.; OA 3-3-BHC-1, 3-12.2-2, 3-13-4
17. Adopt and modify operating procedures to maximize contribution to UN goals/issues.	9f., 18, 22, 29, 57, 59f., 74, 76, 78f., 102–104, 129f., 191; OA 3-3-BHC-1
STRATEGIC SOCIAL INVESTMENTS AND PHILANTHROPY	
18. Pursue social investments and philanthropic contributions that tie in with the core competences or operating context of the company as an integrated part of its sustainability strategy.	145–148; OA 3-3-BHC-1, 3-8-6 http://www.bayer-foundations.com/en/homepage.aspx
19. Coordinate efforts with other organizations and initiatives to amplify – and not negate or unnecessarily duplicate – the efforts of other contributors.	147; OA 3-3-BHC-1, 3-6-4, 3-13-4 www.bayer.com/cor-responsibility-pharma
20. Take responsibility for the intentional and unintentional effects of funding and have due regard for local customs, traditions, religions, and priorities of pertinent individuals and groups.	OA 3-3-BHC-1, 3-13-2, 3-13-4
ADVOCACY AND PUBLIC POLICY ENGAGEMENT	
21. Publicly advocate the importance of action in relation to one or more UN goals/issues.	7, 79; OA 3-6-1, 3-6-4 (Paragraphs: non-governmental organizations, the public, local community, competitors)
22. Commit company leaders to participate in key summits, conferences, and other important public policy interactions in relation to one or more UN goals/issues.	<p>OA 3-6-4</p> <p>With a number of initiatives and partnerships Bayer supports UN goals and topics like the MDGs, human rights, climate protection, food supply, the fight against corruption and maintaining biodiversity.</p> <p>In the past Bayer CEOs were involved in numerous activities with public recognition to promote UN goals and issues: Bayer is a founding member of the UN Global Compact and a founding member of UN Global Compact LEAD initiative.</p> <p>Bayer executives have participated in key summits, conferences, and other important public policy interactions in relation to one or more UN goals/issues. e. g. Private Sector Forum 2014, Stockholm World Water Week (2014), the CEO Water Mandate 14th Working Conference (CEO Water Mandate's disclosure working group drew up the new version of the Corporate Water Disclosure Guidelines) or UN Climate Summit with Caring for Climate Business Forum 2014.</p>
PARTNERSHIPS AND COLLECTIVE ACTION	
23. Develop and implement partnership projects with public or private organizations (UN entities, government, NGOs, or other groups) on core business, social investments and/or advocacy.	63, 72f., 76f., 79, 102, 147, 139; OA 3-3-BHC-1, 3-5-1, 3-6-4 (Paragraphs: non-governmental organizations, the public, local community, competitors), 3-8-3, 3-12.5-1, 3-13-4 www.bayer.com/cor-responsibility-pharma http://www.cropscience.bayer.com/en/Commitment/New-Revolution-in-Agriculture/Partnerships.aspx
24. Join industry peers, UN entities and/or other stakeholders in initiatives that contribute to solving common challenges and dilemmas at the global and/or local levels with an emphasis on initiatives that extend the company's positive impact on its value chain.	<p>See Criteria 19, 23</p> <p>In 2014 Bayer received the U. S.-based Foreign Policy Association's (FPA) 2014 Corporate Social Responsibility Award. In the United States, Bayer Corporation and the Bayer USA Foundation partner with local community leaders to provide philanthropic support to organizations and programs centered on education and workforce development, health and human services, and the environment and sustainability.</p>

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ENGAGING WITH THE UN GLOBAL COMPACT	
LOCAL NETWORKS AND SUBSIDIARY ENGAGEMENT	
25. Contribute to the building and operating of at least one UN Global Compact Local Network and help elevate performance of other companies through training, mentoring, COP peer review, etc.	Bayer is an active participant in the German Global Compact Network.
26. Encourage subsidiaries to engage with UN Global Compact Local Networks and to participate actively in events and activities.	We encourage our regional sustainable development coordinators to expand their local sustainability network by collaborating with local UNGC networks.
27. Publish sustainability information related to each individual subsidiary separately or reference it explicitly in the Communication on Progress of Corporate Headquarters.	"Bayer Annual Report 2014 – Augmented Version"; Communication on Progress 2014; individual Bayer subgroup websites: Bayer HealthCare: www.bayer.com/cor-responsibility-pharma and http://healthcare.bayer.com/scripts/pages/en/commitment/sustainability/index.php ; Bayer CropScience: http://www.cropscience.bayer.com/en/Commitment.aspx ; Bayer MaterialScience: http://www.materialscience.bayer.com/Sustainability/Overview.aspx
GLOBAL AND LOCAL WORKING GROUPS	
28. Participate in relevant global or local working groups and share experiences, networks, tools and good practices with other UN Global Compact participants.	Bayer is an active member of the UN Global Compact and UN Global Compact LEAD on a global as well as on a national level. Our representatives contribute to initiatives, working groups, webinars and symposia. See also p. 79, OA 3-6-4 Bayer also supports the UNGC initiatives "Caring for Climate" and "CEO Water Mandate." See also p. 134, OA 3-12.3-1. See also Criteria 22 and 25. In 2014 Bayer signed the Call to Action against corruption. https://www.unglobalcompact.org/docs/issues_doc/Anti-Corruption/Call_to_Action_Global_Development_Agenda_Signatories.pdf
29. Take active part in defining scope and objectives of new working groups when relevant.	See Criterion 28
ISSUE-BASED AND SECTOR INITIATIVES	
30. Join and help advance one or more existing UN Global Compact initiatives, e.g. Caring for Climate, CEO Water Mandate, Women's Empowerment Principles, and Global Business Initiative on Human Rights.	See Criteria 22 and 28 The U.N. Guiding Principles on Business and Human Rights were adopted in 2011. We play an active role in their implementation, one example being the consultation process initiated at the end of 2014 by the German government to define a national action plan, OA 3-7-14
31. Spearhead need-driven development of new issue-based or sector initiatives within the UN Global Compact and the wider United Nations.	We have, for example, contributed actively to the development of the above mentioned working groups and initiatives (see criterion 28). In the last few years, we have been member of the CEO Water Mandate's working group, which drew up the new version of the Corporate Water Disclosure Guidelines, OA 3-12.3-1; in 2014 Bayer signed the Call to Action against corruption.
PROMOTION AND SUPPORT OF THE UN GLOBAL COMPACT	
32. Advocate the UN Global Compact to business partners, peers and the general public.	We advocate the UNGC to suppliers, customers, other stakeholders and the general public via our website and our Annual Report. We also document and promote UNGC in all company presentations about sustainability. See example 6; 102f. Bayer Annual Report 2014 (printed version); Communication on Progress 2014 "Bayer Annual Report 2014 – Augmented Version"; active participation in German Global Compact Network; support of UNGC initiatives "Caring for Climate", "CEO Water Mandate" and "Call to Action against corruption."
33. Encourage suppliers and other business partners to join the UN Global Compact, and take on mentoring role on issues related to the initiative.	Bayer's Supplier Code of Conduct explicitly takes UNGC into account, 102
34. Participate in activities to further develop and strengthen the UN Global Compact.	See Criteria 26 to 31 above; Communication on Progress 2014: "Bayer Annual Report 2014 – Augmented Version"

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THE CROSS-CUTTING COMPONENTS	
CEO COMMITMENT AND LEADERSHIP	
35. CEO publicly delivers explicit statements and demonstrates personal leadership on sustainability and commitment to the UN Global Compact.	7; also news releases; Business roundtable Sustainability Report 2014 http://businessroundtable.org/sites/default/files/Bayer.pdf or Wittenberg center for global ethics: in 2014 CEO signed Code of responsible conduct for business (http://www.wcge.org/download/140918_leitbild-eng_Unterschriften_o.pdf)
36. CEO promotes initiatives to enhance sustainability of the company's sector and leads development of industry standards.	Responsible Care™: 79; Bayer currently chairs econsense, German industry's sustainable development forum, and the Bayer CEO is on the board of trustees, 84; Caring for Climate: OA 3-6-4, CEO Water Mandate: 134; OA 3-12.3-1; Sector initiatives for suppliers (TfS, PSCI): 102
37. CEO leads executive management team in development of corporate sustainability strategy, defining goals and overseeing implementation.	See Criteria 8 to 10
38. Make sustainability criteria and UN Global Compact principles part of goals and incentive programs for CEO and executive management team.	See Criteria 8 to 10
BOARD ADOPTION AND OVERSIGHT	
39. Board of Directors (or equivalent) assumes responsibility and oversight for long term corporate sustainability strategy and performance.	79 and see Criteria 8 to 10
40. Board establishes, where permissible, a committee or assigns an individual Board member with responsibility for corporate sustainability.	79f. and see Criteria 8 to 10 Board member responsible for Innovation, Technology and Sustainability: function as Chief Sustainability Officer of the Bayer Group
41. Board (or committee), where permissible, approves formal reporting on corporate sustainability (Communication on Progress).	The whole board approved formal reporting on corporate sustainability in the "Bayer Annual Report 2014 – Augmented Version"
STAKEHOLDER ENGAGEMENT	
42. Publicly recognize responsibility for the company's impacts on internal and external stakeholders.	49, 54, 81, 83; OA 3-6-3, 3-6-4 This is the basis of our sustainability commitment.
43. Define sustainability strategies, goals and policies in consultation with key stakeholders.	49–52, 54, 81, 83; OA 3-6-2, 3-6-3, 3-6-4
44. Consult stakeholders in dealing with implementation dilemmas and challenges and invite them to take active part in reviewing performance.	54, 81, 83; OA 3-6-3, 3-6-4; "Bayer Annual Report 2014 – Augmented Version"
45. Establish channels to engage with employees and other stakeholders to hear their ideas and address their concerns, and protect "whistleblowers."	54, 91, 190–192; OA 3-5-1, 3-6-4, 3-7-5, 3-7-7
TRANSPARENCY AND DISCLOSURE	
46. Share sustainability information with all interested parties and respond to stakeholder inquiries and concerns.	"Bayer Annual Report 2014 – Augmented Version"; Communication on Progress 2014: "Bayer Annual Report 2014 – Augmented Version"; OA 3-6-4; sustainability website (http://www.bayer.com/en/sustainability.aspx); social media
47. Ensure that Communication on Progress covers all aspects of the Leadership Blueprint and utilize, where appropriate, the Global Reporting Initiative framework.	Communication on Progress 2014: "Bayer Annual Report 2014 – Augmented Version" Table on p. 344–346: Index of the Global Reporting Initiative (GRI) and the 10 UN Global Compact Principles
48. Integrate Communication on Progress into annual financial report or publish them together.	COP published as an integrated report for the second time (reporting period 2014); Communication on Progress 2014: "Bayer Annual Report 2014 – Augmented Version"
49. Secure external verification of Communication on Progress or seek other methods for legitimization by external stakeholders.	333–337



Bayer is a global enterprise with core competencies in the fields of health care, agriculture and high-tech polymer materials.

As an innovation company, we set trends in research-intensive areas. Our products and services are designed to benefit people and improve their quality of life. At the same time we aim to create value through innovation, growth and high earning power.

We are committed to the principles of sustainable development and to our social and ethical responsibilities as a corporate citizen.

Cover picture

Employees at the research and development laboratory in Memphis, Tennessee, are working on formulations for non-prescription products. The laboratory now belongs to Bayer following the acquisition of the consumer care business of U.S. pharmaceutical company Merck & Co., Inc. Our cover picture shows Angie Robertson and Patrick Williams inspecting a sample.