

Statement by the independent reviewer

**Aim, nature and scope of the validation**

The aim of the validation was to examine the completeness and correctness of the data covering health, safety and environmental protection (HSE) derived from the activities of the Bayer Group summarized in this report.

The verification took the form of random inspections of nine (out of a total of 206) Bayer Group sites covered by this report. The production sites were selected so that all the business groups were involved. Regional aspects and the size of the site were also taken into consideration when making the selection. Two European, two Asian, three South American and two North American sites were inspected.

One production site covered by the last review was validated again to see whether the proposals for improvement had been implemented. Another of the sites selected was one that had been acquired by Bayer during the course of the previous year; this was done in order to assess how effectively the site had been integrated into the BAYSIS data compilation and reporting system.

The validation covered not only the processes of data acquisition and data consolidation at the sites, but also the plausibility of the reported data in relation to one another and in comparison with previous years.

The procedure for consolidating the data reported by the production sites within the Corporate Staff, Quality, Environment and Safety Policy was also monitored.

Results

We found the Bayer Group's present HSE report to be practically complete. It covers all the company's sites that are of any relevance in connection with the safety and health of employees and neighbors, and with regard to emissions.

The quality of the data reported by the sites varies. There were input errors – some figures were too high, some were too low. One of the sites where there were virtually no faults in the input data was the one covered by the last verification.

At the two sites that received the best evaluation, environmental management systems to DIN/ISO 14001 were in place.

The data reported by the sites are routinely monitored by the Corporate Staff. This reveals, for example, any inconsistencies compared with the previous year or between the reported data on the basis of scientific and technical relationships. After discussion with the relevant site, such inconsistencies can then be corrected.

The targets given in the previous Group reports have, for the most part, been accomplished.

We regard the emission data given in the present HSE report to be very reliable, above all as a result of internal monitoring.

Recommendations

It is recommended that the further implementation of HSE management systems at the various production sites be speeded up. This should help the quality of the results to improve even further.

Apart from this, it is recommended that additional information, compliance with which is important to Bayer from the point of view of its corporate philosophy, be included in this report. This would include, for example, an overview of the residual amounts of asbestos and PCBs, brief information on incidents in the production sites and during transport, the status of the implementation of laws and regulations, and the situation with regard to exposure to hazardous substances at the place of work.

Explanations should be given for all significant deviations from the previous year (e.g. >10 percent), with the aim of improving data consolidation.

Over the course of time, the report has steadily grown in size through the inclusion of additional information. So that it does not become too unwieldy and thus to ensure that it is still used internally even when further parameters are included, the reviewers recommend that the questionnaire be revised in terms of its content and structure.

Future emphasis

The targets for improvement described in this report refer not only to production, but also to product safety and the development of sustainable products. These fields are thus coming much more under consideration now that the potential for improvement in production in particular has been largely exhausted.

We support the company in its intention to further intensify work on developing sustainable products, including its activities in the deployment of renewable raw materials, and in its aim to describe these activities in more detail in future reports.

Wolfgang Baldauf, Independent Environment Expert

Dr. Arnd Hardtke, Director Sustainability & Business Risk Management