



Bayer

# *Supplier Code of Conduct*



Sustainability is a key element of Bayer's values and forms an integral part of our business strategy.



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# Preamble



“Sustainable Development” is a globally accepted approach to sustaining economic growth without harming our planet or exhausting its resources while improving the quality of life for its current and future inhabitants.<sup>1</sup> Sustainability is deemed to make a significant contribution to any company’s success and to safeguarding its future development.

As a founding member of the United Nations Global Compact (UNGC), Bayer is one of the companies seeking to modify its operations and strategies to meet the 10 universally accepted principles in the areas of human rights, labor, the environment and anti-corruption.

Since 1994 Bayer has also supported the voluntary Responsible Care initiative of the chemical industry, according to which companies work together to continuously improve their health, safety and environmental performance.

As a member of the Pharmaceutical Supply Chain Initiative (PSCI) and the Together for Sustainability (TfS) Initiative we fully support their principles in the areas of ethics, people and labor, health, safety and environment, quality and related governance and management systems.

The Bayer Supplier Code of Conduct takes into account the well-established principles of sustainability that have also been incorporated into some important internal regulations at the Bayer Group:

- // Sustainability is a key element of Bayer’s values and forms an integral part of our business strategy.
- // With its Sustainable Development Policy, Bayer has clearly defined its commitment to the principles of sustainable development.
- // Bayer’s Group-wide Human Rights Position underscores its efforts to uphold internationally recognized principles in the areas of human rights and working conditions.
- // The Corporate Compliance Policy outlines key legal areas where the ethically and legally compliant behavior of Bayer’s employees is of utmost importance to the company’s well-being.

All these activities demonstrate how Bayer assumes its responsibility concerning ethical, social and ecological standards and how Bayer Group companies put into practice the principles of sustainable development in their daily operations. Thus ethical, social and ecological as well as additional quality assurance and risk minimization principles are anchored in Bayer’s procurement processes.

The principles expressed in this Supplier Code of Conduct comprise an important component of supplier selection and evaluation. Moreover, we expect our suppliers to replicate these standards further down the supply chain. If a supplier is in breach of these principles and cannot agree on an improvement plan or does not implement it, Bayer reserves the right to redetermine the continuation of the commercial relationship.

This Supplier Code of Conduct is therefore made available to our suppliers with the goal of strengthening our mutual understanding of how these principles should be practiced in day-to-day business including the advancement of efforts to contribute to the better health of people, animals and plants.

<sup>1</sup>Bayer Sustainable Development Policy



# Ethics

**To meet social responsibilities, suppliers shall conduct their business in an ethical manner and act with integrity. Ethical requirements include the following aspects:**



## Business Integrity

Suppliers shall not practice or tolerate any form of corruption, extortion, embezzlement or money laundering. Suppliers shall not offer or accept bribes or other unlawful incentives (e.g., ‘facilitation payments’) to or from their business partners or government officials. Suppliers shall not offer to Bayer employees any kind of gifts or personal benefit which could be perceived as a bribe. In all cases, gifts or entertainment shall not be offered to improperly influence a business relationship and must not violate applicable laws or ethical standards.



## Fair Competition

Suppliers will conduct their business in line with fair competition and in accordance with all applicable anti-trust laws.



## International Trade Controls

Suppliers must comply with export control regulations applicable to their business and provide accurate and truthful information about it to customs and other authorities when required.



## Conflict of Interest

Suppliers shall disclose to Bayer any situation that could constitute a conflict of interest, such as Bayer employees having professional, private and/or significant financial advantages or interests in any of the supplier’s businesses.



## Privacy and Intellectual Property

Suppliers shall safeguard and make only appropriate use of confidential information and ensure that all employees’ and business partners’ privacy and valid intellectual property rights are protected.



## Identification of Concerns

Suppliers shall encourage and provide means for their employees to report concerns, complaints or potentially unlawful activities in the workplace without threat of reprisal, intimidation or harassment. Any report should be treated in a confidential manner. Suppliers shall investigate such reports and take corrective action if needed. Suppliers shall notify Bayer of legal actions, administrative investigations or prosecutions that may affect their performance of Bayer business or that could potentially adversely affect a supplier’s and Bayer’s reputation.

If at any time a supplier or one of its employees believes that a Bayer employee has acted contrary to these principles, the supplier or its employee is encouraged to report its concerns to our Compliance Hotline at [www.bayer.com/en/corporate-compliance-policy.aspx](http://www.bayer.com/en/corporate-compliance-policy.aspx).



## Data Privacy and Data Protection

Suppliers’ information systems that contain Bayer’s confidential information or data shall be appropriately managed and protected against unauthorized access, use, disclosure, modification or destruction. Suppliers shall collect personal information only for legitimate business purposes, use it in a legal, transparent and secure manner, share it only with those who are allowed access, protect it in accordance with security policies, retain it only for as long as necessary, and obligate third parties with access to personal information to protect it.



# Ethics



## Fair Marketing Practices

Interactions with healthcare professionals and organizations (HCPs, HCOs) are intended to enhance the practice of medicine and ultimately benefit patients. Interactions should focus on informing HCPs and HCOs about products, providing scientific, medical and educational information or supporting medical research and education. Nothing shall be offered or provided to HCPs and HCOs in a way that has an inappropriate influence on prescribing practice.

Likewise, interactions when marketing or selling biotechnology and crop protection products should also follow fair, ethical practices. Bayer expects its suppliers who prepare sales, advertising, promotional and marketing materials to fulfill their duties through truthful and accurate descriptions.



## Standards When Conducting Clinical Trials

Suppliers shall conduct clinical trials in accordance with international guidelines, applicable national and local laws and regulations, and recognized international quality and safety standards applicable to the proposed work. When engaged in clinical trials on behalf of Bayer, all clinical trials shall be conducted in accordance with the global standards of Good Clinical Practices and follow the strictest medical, scientific and ethical principles, in particular the Declaration of Helsinki.



## Animal Welfare

If applicable to the suppliers' industry, alternatives to animal testing shall be used when such alternatives are scientifically valid and predictive so as not to compromise the quality or safety evaluations of Bayer's products, and when they are acceptable to regulatory agencies. When animal testing is necessary, suppliers shall minimize the number of animals used for testing. Suppliers shall be equally committed to conducting animal testing using the most humane scientifically valid protocol, which must meet study and regulatory requirements, and shall conduct tests only in accordance with all applicable laws.



## Utilization of Genetic Resources

Suppliers shall enable the fair and equitable sharing of the benefits arising out of the utilization of genetic resources in accordance with the Convention on Biological Diversity.



## Conflict Minerals

Suppliers shall ensure that products supplied to Bayer do not contain metals derived from minerals or their derivatives originated from conflict regions that directly or indirectly finance or benefit armed groups and cause or foster human rights abuses.



# People & Labor

**Suppliers shall protect the human rights of their employees and treat them with dignity and respect. This includes the following aspects:**



## Child Labor Avoidance

We do not tolerate child labor in our supply chain. Suppliers must avoid any sort of child labor in their business operations consistent with the International Labour Organization's (ILO)<sup>2</sup> core labor standards and the United Nations Global Compact principles. If local minimum age law stipulates a higher age for work or mandatory schooling, the higher age applies.



## Freely Chosen Employment

We do not tolerate slavery, servitude and forced or compulsory labor and human trafficking in our supply chain. Bonded, indentured or involuntary prison labor also is not accepted. Practices such as withholding personal property, passports, wages, training certificates, work or any other document for inappropriate reasons are not acceptable.



## Freedom of Association

Suppliers shall commit to an open and constructive dialogue with their employees and workers' representatives. In accordance with local laws, suppliers must respect the rights of their employees to associate freely, form and join labor unions, seek representation, join works councils, and engage in collective bargaining. Suppliers shall not disadvantage employees who act as workers' representatives so that they can exercise their role without fear of reprisal or discrimination.



## Working Time, Wages and Benefits

Working time for suppliers' employees shall not exceed the maximum set by the applicable national law and by ILO standards. Compensation shall be paid to employees regularly, in a timely manner and in full according to applicable laws and must comply with applicable national wage laws. Compensation and benefits should aim at providing an adequate standard of living for employees and their families. Unless otherwise provided by local laws, deductions from basic wages as a disciplinary measure shall not be permitted (this does not exclude the entitlement of damages on a contractual or legal basis). Suppliers are expected to provide their employees with fair and competitive compensation and benefits and to support equal pay for work of equal value. It is recommended that suppliers offer their employees ample training and educational opportunities.

<sup>2</sup> Convention concerning Minimum Age for Admission to Employment 1973; (No. 138); Convention concerning the Prohibition and Immediate Action for the Elimination of the Worst Forms of Child Labour, 1999, (No. 182)



# People & Labor



## **Inclusion and Diversity**

Equal treatment of all employees must be a fundamental principle of the supplier's corporate policy. Typical discriminatory treatment takes into consideration – consciously or unconsciously – irrelevant characteristics of an employee such as age, disability, ethnicity, family status, gender, gender expression, gender identity, genetic information, national origin, physical characteristics, political affiliation, pregnancy, religion, social origin, sexual orientation, union membership or any unlawful criterion under applicable law. Suppliers shall ensure that their employees are not harassed in any way.

Bayer encourages suppliers to provide an inclusive and supportive working environment by exercising diversity when it comes to their employees. Likewise, Bayer encourages suppliers to have an active Supplier Diversity Program by engaging with diverse-owned businesses.



## **Local Community**

To promote responsibility for the communities they operate in, suppliers should listen to the concerns of local residents and provide for healthy and safe living conditions. The support of local job creation, local sourcing, education provisioning and infrastructure development is encouraged.



## **Fair Treatment**

Suppliers must provide their employees with a workplace free of harsh and inhumane treatment, without any sexual harassment, sexual abuse, physical punishment or torture, mental or physical coercion or verbal abuse of employees, or the threat of any such treatment. Furthermore, suppliers are expected not to unfairly terminate any employment contract or without clear evidence specify that the termination of an employment contract, in relation to the working performance of an employee, as permitted by law. Employees may leave the employer freely provided they comply with advance notice specified by law. They shall be paid on time and in full for the work they have done prior to leaving according to applicable laws.



# Health, Safety & Environment

**Suppliers shall make adequate provision for the health and safety of their employees, customers, visitors, contractors, and others who may be affected by their activities. They shall operate in an environmentally responsible and resource-efficient manner. This comprises the following aspects:**



## **Occupational Health and Safety**

Suppliers shall adequately protect their employees against chemical, biological and physical hazards. Physically demanding tasks and conditions in the workplace as well as risks associated with infrastructures used must be adequately managed to protect their employees. Suppliers shall provide appropriate controls, safe work procedures, adequate maintenance and necessary technical protective measures to mitigate health and safety risks in the workplace and to prevent accidents and occupational illnesses. In addition, suppliers shall provide employees with appropriate personal protective equipment.

Safety information relating to any identified workplace risk or hazardous materials<sup>3</sup> – including compounds in intermediate materials – shall be available to educate, train and protect workers from hazards. A safe and healthy working environment shall include as a minimum the provision of potable drinking water, adequate lighting, temperature, ventilation and sanitation and, if applicable, safe and healthy company living quarters.



## **Process Safety**

Suppliers shall have safety programs in place for managing and maintaining all their production processes in accordance with the applicable safety standards. Programs shall be appropriate to facility and process risks. Suppliers shall appropriately communicate, disclose and manage hazards inherent in their processes and products to ensure that affected or potentially affected third parties are protected. Likewise, major incidents shall be analyzed and communicated in a timely fashion. For hazardous installations and processes, the supplier shall regularly conduct specific risk assessments and implement measures that prevent the occurrence of incidents such as chemical releases, fires or explosions.



## **Product Safety**

Suppliers must comply with product safety regulations, label products properly and communicate product-handling requirements. They shall provide to relevant parties the applicable documentation containing all necessary safety-relevant information for all hazardous substances in case of a legitimate need. This includes product information, safety data sheets, notification or registration confirmations, uses and exposure scenarios. Suppliers proactively and transparently share information about the health, safety, and environmental aspects of their products with all relevant parties.

<sup>3</sup> According to the Globally Harmonized System (GHS)





# Health, Safety & Environment



## Emergency Preparedness, Risk Information and Training

Suppliers shall make safety information on identified workplace risks to employees and contractors available. They shall be correspondingly trained to ensure they are adequately protected at all times. Suppliers shall identify and assess relevant risks and emergency situations in the workplace, public neighborhood and company-provided living quarters. Their potential impact shall be minimized by implementing appropriate fire protection, effective emergency plans, regular drills and response procedures.



## Waste and Emissions

Suppliers shall ensure the safe and compliant handling, storage, transportation, disposal, recycling, reuse and management of waste, air emissions and wastewater discharges. Any activity that has the potential to adversely impact human or environmental health shall be appropriately managed, measured and controlled. The release of hazardous substances shall be minimized. Special attention shall be given to active ingredients. Suppliers shall prevent or mitigate accidental spills and fugitive emissions of hazardous materials.



## Natural Resource Conservation and Climate Protection

Suppliers shall use natural resources (e.g. water, sources of energy, raw materials) in an economical way and preserve them. To ensure the conservation of renewable natural resources, suppliers shall promote the application of broadly recognized sustainability standards and certifications that have been developed by multiple stakeholders. Negative impacts on the environment and climate caused by the suppliers or in their supply chain shall be minimized or eliminated at their source.

Practices are encouraged to be in line with circular economy principles such as material reduction, substitution, collection, sharing, maintenance, reuse, redistribution, refurbishment, remanufacturing and recycling. Suppliers shall engage in the development and use of environmentally and climate-friendly products, processes and technologies.

Suppliers shall ensure and demonstrate continuous environmental improvements, including a reduction in raw materials, energy, emissions, discharges, noise, waste, hazardous substances and reliance on natural resources, by means of clear targets and improvement policies.



# Quality

**Suppliers shall provide high-quality, safe and effective goods and services that are in full compliance with applicable laws and regulations. This comprises the following aspects:**



## **Quality Requirements**

Suppliers shall meet generally recognized quality standards or contractually agreed quality requirements and standards, in order to provide goods and services that consistently meet Bayer's and its customers' needs, perform as warranted and are safe for their intended use. Suppliers shall immediately address all critical issues that have the potential to negatively affect the quality of goods and services. Suppliers must inform Bayer about changes of the manufacturing or supply process that have the potential to impact the specification of goods and services provided.



## **Security and Anti-Counterfeiting Measures**

Suppliers shall have good security practices across their supply chains. Suppliers shall assure the integrity of each shipment to Bayer from its origin through to its destination.

Suppliers shall implement the necessary and appropriate measures in their area of responsibility to ensure that Bayer products, their workable components or raw materials as well as the corresponding know-how do not end up in the hands of counterfeiters, smugglers, thieves or other unauthorized third parties and do not leave the legitimate supply chain. Suppliers shall promptly analyze the relationship with a third party if they obtain or are provided with evidence that they are inadvertently involved in the manufacturing or selling of counterfeit products via the actions of the third party, including products destined for export that are considered counterfeit products in their country of destination. Bayer expects suppliers to support the investigation and prosecution of any activities connected with counterfeit products.





# Governance & Management Systems

Suppliers shall implement effective management systems and a governance structure to facilitate compliance with all applicable laws and promote continuous improvement with respect to the expectations set forth in this Supplier Code of Conduct. This includes the following aspects:



## Legal and Other Requirements

Suppliers shall identify and comply with all applicable international, national and local laws and regulations, contractual agreements and internationally recognized standards. Suppliers shall also conform their practices to generally accepted industry standards, shall obtain, maintain and keep up-to-date all applicable permits, certificates, licenses and registrations, and shall operate in accordance with permit limitations and requirements at all times.



## Systems, Documentation and Evaluation

Suppliers shall develop, implement, use and maintain management systems and controls related to the content of this Supplier Code of Conduct. Suppliers shall maintain documentation necessary to demonstrate conformance with the principles outlined in this Code of Conduct.



## Risk Management

Suppliers shall implement mechanisms to regularly identify, evaluate and manage risks in all areas addressed by this Supplier Code of Conduct and with respect to all applicable legal requirements.



## Commitment and Accountability

Suppliers shall fulfill the principles set forth in this Supplier Code of Conduct by allocating appropriate resources and incorporating all applicable aspects into policies and procedures.



## Business Continuity

Suppliers are encouraged to implement appropriate business continuity plans for operations supporting Bayer's business.



## Communication of Sustainability Criteria in the Supply Chain

Suppliers shall replicate the sustainability principles set forth in this Supplier Code of Conduct further down the supply chain.



# Governance & Management Systems



## Continuous Improvement

Suppliers shall demonstrate their commitment to continuous improvement by setting performance objectives, executing implementation plans and taking necessary corrective actions for deficiencies identified by internal or external assessments, inspections and management reviews.



## Transparency and Disclosure

Suppliers are encouraged to report externally about their economic, social and environmental impact in line with the principles set forth in this Supplier Code of Conduct.



## Training and Competency

Suppliers will develop, implement and maintain appropriate training measures to allow their managers and employees to gain an appropriate level of knowledge and understanding of the applicable principles of this Supplier Code of Conduct, the applicable laws and regulations and generally recognized standards.



## Right to Evaluation

Suppliers shall grant Bayer the right to evaluate their performance upon reasonable prior notice to determine supplier's conformance with principles outlines in the Bayer Supplier Code of Conduct. The evaluation shall be executed directly by Bayer or by a qualified third party in the form of e.g. an assessment or an audit.



# Glossary

The glossary explains or defines selected terms, organizations and concepts used in the Bayer Supplier Code of Conduct. The Supplier Code of Conduct Guidance provides a more exhaustive explanation of the aspects of this code, stating key expectations and good practices, and giving further references.

## Conflict Minerals

// Conflict minerals, as currently defined, include the metals tantalum, tin, tungsten and gold, which are the derivatives of the minerals cassiterite, columbitetantalite and wolframite. They are also referred to as “3TG”. [URL: [www.responsiblemineralsinitiative.org](http://www.responsiblemineralsinitiative.org)]

## Employees

// When referring to employees, Bayer includes any staff or personnel engaged or employed by a supplier.

## Hazardous Materials

// As defined by the Globally Harmonized System of Classification and Labelling of Chemicals (GHS), as prepared by the UN Economic Commission for Europe (UNECE)

## Human Trafficking

// Human trafficking involves recruitment, harboring or transporting people into a situation of exploitation through the use of violence, deception or coercion and forcing them to work against their will.

## International Labour Organization (ILO)

// The UN agency ILO brings together governments, employers and workers of 187 UN member states to set labor standards, develop policies and devise programs promoting decent work for all employees. [URL: [www.ilo.org](http://www.ilo.org)]

## Personal Information

// Personal information is any information about an identified or identifiable natural person.

## Pharmaceutical Supply Chain Initiative (PSCI)

// A nonprofit business organization. Members are pharmaceutical or healthcare companies that share the vision to establish and promote responsible practices that will continuously improve social, health, safety and environmentally sustainable outcomes for their supply chains. [URL: <https://pscinitiative.org/home>]

## Suppliers

// Suppliers include any third party that provides goods and services to Bayer and such third party's agents or subcontractors.

## Sustainability

// Sustainability covers the areas of ethics, human rights (i.e. people and labor topics) as well as health, safety and environment.

## Sustainability Standards and Certifications

// Voluntary, usually third party-assessed, norms and standards relating to environmental, social, ethical and safety issues, adopted by companies to demonstrate the performance of their organizations or products in specific areas, e.g. Forest Stewardship Council, Roundtable on Sustainable Palm Oil, Responsible Minerals Initiative, Rainforest Alliance.

## Together for Sustainability (TfS) Initiative

// A nonprofit business organization. Members are chemical companies. It aims to build the industry's standard for sustainable supply chains, has established a standard approach for evaluating and improving the sustainability performance of suppliers, and shares assessments and audits across members. [URL: [www.tfs-initiative.com](http://www.tfs-initiative.com)]

## United Nations Global Compact (UNGC)

// Driven by the United Nations (UN), a voluntary initiative based on CEO commitments to implement universal sustainability principles (also known as “The Ten Principles of the UN Global Compact”) and to take steps to support UN goals such as the Sustainable Development Goals. [URL: [www.unglobalcompact.org](http://www.unglobalcompact.org)]

# References

## 1) External Sources:

### // **Circular Economy**

<https://www.ellenmacarthurfoundation.org/>

### // **Convention on Biological Diversity**

<https://www.cbd.int/>

### // **Declaration of Helsinki**

<https://www.wma.net/what-we-do/medical-ethics/declaration-of-helsinki/>

### // **International Labour Standards (ILO)**

<http://www.ilo.org/public/english/standards/norm/whatare/fundam/index.htm.ilo.org>

### // **OECD Guidelines for Multinational Enterprises**

<http://www.oecd.org>

### // **OECD Guiding Principles for Chemical Accident, Prevention, Preparedness and Response**

<http://www.oecd.org/env/ehs/chemical-accidents/Guiding-principles-chemical-accident.pdf>

### // **Pharmaceutical Supply Chain Initiative**

<http://www.pharmaceuticalsupplychain.org>

### // **Responsible Care Global Charter**

<https://www.icca-chem.org/responsible-care-global-charter/>

### // **Together for Sustainability**

<http://www.tfs-initiative.com>

### // **United Nations Global Compact**

<http://www.unglobalcompact.org>

### // **United Nations Guiding Principles**

[https://www.ohchr.org/Documents/Publications/GuidingPrinciplesBusinessHR\\_EN.pdf](https://www.ohchr.org/Documents/Publications/GuidingPrinciplesBusinessHR_EN.pdf)

### // **Universal Declaration on Human Rights**

<https://www.un.org/en/universal-declaration-human-rights/index.html>

## 2) Bayer-specific Sources:

### // **Biodiversity**

<http://www.bayer.com/en/position-biodiversity.aspx>

### // **Bayer Principles for Animal Welfare and Animal Studies**

<https://www.animalstudies.bayer.com>

### // **Bayer Position on Human Rights**

<http://www.bayer.com/en/bayer-human-rights-position.aspx>

### // **Bayer Responsible Care Position**

<http://www.bayer.com/en/Responsible-Care.aspx>

### // **Bayer Sustainable Development Policy**

<http://www.bayer.com/en/Sustainable-Development-Policy.aspx>

### // **Corporate Compliance Policy**

<http://www.bayer.com/en/Corporate-Compliance-Program.aspx>

### // **Sustainability at Bayer**

<http://www.bayer.com/en/Sustainability-and-Commitment.aspx>

### // **Water Position**

<http://www.bayer.com/en/bayer-water-position.aspx>



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Version 5.1, December 2019

