



Bayer

Supplier Code of Conduct Guidance



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Purpose of the Supplier Code of Conduct Guidance

A growing and aging world population and the increasing burden on ecosystems are among the biggest challenges humanity is facing. Challenges that we are also facing together with our suppliers in many business relationships.

Sustainability is an essential component of our corporate strategy, our business activities, our corporate values and the way in which we operate our businesses – it is at the center of our corporate vision “Health for all, hunger for none”.

At the same time, sustainability and the principles outlined in the Bayer Supplier Code of Conduct are part of our strategic and normative compass.

We are setting clear guardrails on a sustainable cooperation with our suppliers and are expecting our suppliers to follow the same principles as outlined in the Bayer Supplier Code of Conduct.

We are in this together. This complementing guidance document is a non-binding companion document to Bayer’s Supplier Code of Conduct. It aims to provide concrete examples on key expectations and good practices for each principle. It aims to provide clarification on how suppliers can implement the principles set forth in the Bayer Supplier Code of Conduct in their company and processes.

The Supplier Code of Conduct Guidance provides suppliers with:

- // Practical tips on how they can improve their ethical, social, environmental and further general organizational and economic efforts
- // Assistance on what to prepare for a performance (re-)evaluation
- // References to common recognized standards and regulatory frameworks



How to use this Supplier Code of Conduct Guidance

For each Bayer Supplier Code of Conduct principle, the following guidance is provided:

Principle
(As it appears in the Bayer Supplier Code of Conduct)

Key Expectations:
What, in general, the supplier needs to implement within its company in order to meet the minimum requirements of the Bayer Supplier Code of Conduct

= Minimum requirements

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 as stated in the United Nations Convention against Corruption. Suppliers shall not offer to Bayer employees any kind of gifts or personal benefits 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.

Key Expectations

- Effective policies are in place describing all business integrity aspects such as bribery, improper advantages, gifts, entertainment, dealing with business partners and conflicts of interests.
- Senior Management demonstrates zero tolerance to corruption, extortion, and embezzlement within the organization.
- A financial transaction policy is maintained to assure proper recording of all financial transactions, as well as to identify possible money laundering.
- An insider information management system is established.
- Employees are encouraged to share any concerns in case of misconduct, for example, through a whistle blower hotline.
- Suppliers will comply with the U.S. FCPA, the U.K. Bribery Act and all other local or otherwise applicable laws dealing with the bribery of government officials.

Good Practices

- The supplier establishes thresholds for gifts.
- The supplier implements multiple-control principles (e.g., when inputting into a system), separation of functions (i.e. not concentrated on one person), job rotation, etc.
- The supplier defines specific consequences (e.g., specific sanctions) for non-compliance and clearly communicates them to all employees.

References

- Bayer Corporate Compliance Policy
- U.S. Foreign Corrupt Practices Act (FCPA)
- U.K. Bribery Act

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Good Practices:
Examples of milestones the supplier can implement in order to go beyond minimum requirements and reach further acknowledgment

= Go beyond minimum requirements

References
Recognized standards and regulatory frameworks that govern general framework of the respective principle

A generally accepted implementation practice of principles is making them part of a management system across all business units. E.g. by integrating principles into policies, trainings and internal evaluations.

Policy	Policies in the form of a document clearly state the intention and direction of how the supplier relates to the respective principle, with a clear commitment to identifying, evaluating and mitigating risks, and promoting continuous improvement
Training	Training on principles ensures awareness and an appropriate level of knowledge on applicable requirements
Internal Evaluations	Internal evaluations carried out periodically by the relevant experts allow verification of compliance to the applicable requirements as well as identification of potential (new) risks

Items to be considered

// For illustrative purposes, references may contain country- or region-specific regulations or guidelines. Further regulations or guidelines may exist. This is highlighted.

// In addition, country-specific laws and exceeding company-specific agreements must be identified and adhered to by the supplier.



List of Abbreviations

3R	Replacement, Reduction, Refinement
3TG	Tin, Tantalum, Tungsten and Gold
ABS	Access and Benefit Sharing
ALARP	As Low As Reasonably Practicable
AAALAC	Association for Assessment and Accreditation of Laboratory Animal Care
BCM	Business Continuity Management
BCP	Business Continuity Plan
BIA	Business Impact Analysis
EFPIA	European Federation of Pharmaceutical Industries and Associations
EMAS	Eco-Management and Audit Scheme
FCPA	Foreign Corrupt Practices Act
GCP	Good Clinical Practices
GDP	Good Distribution Practice
GDPR	General Data Protection Regulation
GHG	Greenhouse Gas
GLP	Good Laboratory Practice
GMP	Good Manufacturing Practice
GxP	Good x Practices
GR	Genetic Resource
GVP	Good Pharmacovigilance Practice
HCO	Healthcare Organization
HCP	Healthcare Professional
HSE	Health, Safety and Environment
ICH	International Council for Harmonization of Technical Requirements for Pharmaceuticals for Human Use
IFPMA	International Federation of Pharmaceutical Manufacturers & Associations
ILO	International Labour Organization
ISO	International Standardization Organization
KYC	Know-Your-Customer
LEED	Leadership in Energy and Environmental Design
LGBTQ	Lesbian, Gay, Bisexual, Transgender, Queer
MAT	Mutually Agreed Terms
OECD	Organization for Economic Co-operation and Development
OECD DDG	OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas
OHSAS	Occupational Health and Safety Assessment Series
OSHA	Occupational Safety and Health Administration
PhRMA	Pharmaceutical Research and Manufacturers of America
P&ID	Piping and Instrumentation Diagrams
PIC	Prior Informed Consent
POPs	Persistent Organic Pollutants
PSCI	Pharmaceutical Supply Chain Initiative
QMS	Quality Management System
REACH	Regulation on Registration, Evaluation, Authorization and Restriction of Chemicals
SA	Social Accountability
SCoC	Supplier Code of Conduct
SDS	Safety Data Sheet
TfS	Together for Sustainability
TSCA	Toxic Substances Control Act
UN	United Nations
UNGC	United Nations Global Compact
UNGPs	United Nations Guiding Principles on Business and Human Rights



Ethics

To meet social responsibilities, suppliers shall conduct their business in an ethical manner and act with integrity, while complying with all applicable laws and regulations.



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 as stated in the United Nations Convention against Corruption. 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.

Key Expectations

- // Effective policies are in place describing all business integrity aspects such as bribery, improper advantages, gifts, entertainment, dealing with business partners and conflicts of interests.
- // (Senior) Management demonstrates zero tolerance to corruption, extortion and embezzlement within the organization.
- // A financial transaction policy is maintained to ensure proper recording of all financial transactions, as well as to identify possible money laundering.
- // An insider information management system is established.
- // Employees are encouraged to share any concerns in case of misconduct, for example, through a whistle blower hotline.
- // Suppliers will comply with the U.S. FCPA, the U.K. Bribery Act and all other local or otherwise applicable laws dealing with the bribery of government officials.

Good Practices

- // The supplier establishes thresholds for gifts.
- // The supplier implements multiple-control principles (e.g., when inputting info into a system), separation of functions (i.e. not concentrated on one person), job rotation, etc.
- // The supplier defines specific consequences (e.g., specific sanctions) for non-compliance and clearly communicates them to all employees.

References



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.

Key Expectations

- // A process is introduced to ensure that employees are – in regular intervals (e.g., annually) – informed about and alerted to the rules regarding acceptance of advantages and gifts.
- // The supplier's employees do not use their position to offer gifts, invitations or other advantages to its customers' employees. This does not apply to occasional gifts of low value or meals or entertainment of appropriate value.

Good Practices

- // To the extent legally allowed, the supplier ensures regular (e.g., annual) discussion of potential conflict of interest situations with employees, including subsequent disclosure and documentation of any such conflicts of interest.
- // The supplier enhances awareness for critical cases. And he defines an approval process for such critical cases of use of services of its customers' employees for personal purposes.
- // A notification process, coordinated by Human Resources, for employees who take up outside employment (also on a freelance basis) or start their own business is developed and implemented.

If, at any time, the supplier or one of its employees becomes aware of a situation where a Bayer employee is caught in a conflict of interest, they are encouraged to report their concerns either to Bayer, e.g. to Bayer's procurement contact, to the Bayer employee's line manager or to the Bayer Compliance Hotline at



Fair Competition

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

Key Expectations

- // Appropriate behavior in competition is mandatory for all employees.
- // The supplier ensures its employees adhere to prohibition of:
 - illegal discussions or contacts with competitors about pricing, costs, or terms or conditions of sale,
 - illegal discussions or contacts with suppliers and customers that restrict or boycott trade or exclude competitors from the marketplace,
 - agreements with competitors regarding allocating markets or customers.

Good Practices

- // A company policy is established to comply with competition laws.
- // The supplier establishes one corporate standard applicable to all affiliate organizations outlining minimum standards.
- // The supplier seeks legal expertise and consultancy due to possible complexity and significant variety of requirements.

References



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.

Key Expectations

- // The supplier ensures compliance with all applicable laws and regulations governing export control and economic sanctions.
- // The supplier provides export control and foreign trade data in a professional and timely manner and implement appropriate standards for security in the supply chain in the framework of global customs security programs.
- // The supplier has internal processes and systems in place preventing the use or diversion of their goods, software, technologies or services in improper ways. In case of concerns, the supplier will not do business with the potential customer.

Good Practices

- // The supplier has appropriate trainings in place through which all affected employees know and are aware of relevant trade control laws, regulations, policies and amendments.



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.

Suppliers shall not use Bayer's name or trademarks or that of our affiliates or products in publicity or advertising without Bayer's prior written consent.

Key Expectations

- // The supplier implements a comprehensive risk assessment to identify threats to privacy and intellectual property.
- // Technology and security precautions and organizational measures are established to protect confidential information and intellectual property rights from unauthorized access, improper use, disclosure, loss or destruction (e.g., industry standard firewalls, password protection).
- // Confidential, proprietary, private or personal information is not disclosed to third parties without, where required, appropriate authorization and, whenever adequate, confidentiality agreements.

Good Practices

- // The supplier ensures a compartmentalized storage of electronically stored confidential information with accessibility on a need-to-know basis only.
- // The supplier establishes strict control and management of access rights to any confidential information, particularly in case of termination.
- // The supplier removes any confidential information before disposing of equipment.
- // The supplier raises awareness of critical confidentiality risks such as "phishing e-mails", discussing or handling information with third parties, especially in public places such as fairs, supplier events or airports.
- // The supplier ensures that personal e-mail accounts for business purposes are not used.
- // The supplier considers regular security and legal expert consulting.

References



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.

Key Expectations

- // A company policy is implemented to protect customers', employees', business partners' and even website visitors' data and privacy.
- // The supplier has appropriate technical and organizational measures in place to ensure data protection. These include, among others, procedures describing the safe handling and destruction of personal data, and an IT security policy according to common frameworks (e.g., ISO 27001, ISO 27018).
- // Where required by applicable law, the supplier concludes a data privacy agreement with its customers concerning data protection, covering all data types processed by the supplier and its business partners.
- // In the event of data breach or a data subject request, the supplier immediately informs its customers. (In the event that it is Bayer, the point of contact is data.privacy@bayer.com.)

Good Practices

- // The supplier has established a contact point (e.g., hotline, e-mail account) that offers its suppliers and other external parties the opportunity to report any data breach or data subject request, also outside of regular business hours.

References

*reference for illustrative purposes.
Further country- or region-specific regulations or guidelines may exist.



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 products for agriculture e.g., seeds 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.

Key Expectations

- // All promotional materials used are consistent with the product information currently approved by the pertinent authority (i.e., label and instructions for use) in the country of operation, and must be periodically reviewed and updated if new scientific evidence becomes available.
- // The supplier provides customers and the general public with clear information about the environmental and safety aspects of their products.
- // When engaged with HCPs, patients or animal HCPs, all business partners adhere to relevant industry standards of conduct that apply to them, such as the International Federation of Pharmaceutical Manufacturers & Associations (IFPMA), the European Federation of Pharmaceutical Industries and Associations (EFPIA) and the Pharmaceutical Research and Manufacturers of America (PhRMA).

Good Practices

- // The supplier has clear internal guidelines for promotional communication in place to ensure compliance with all laws and regulations regarding the promotion, marketing and sales of their products, and particularly to enforce truthful, clear and consistent communication with regulatory approvals of their products. The guidelines are regularly reviewed and updated.

References

*reference for illustrative purposes.
Further country- or region-specific regulations or guidelines may exist.



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.

Key Expectations

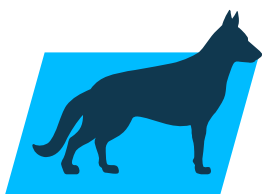
- // All trials are conducted to the standards set out in the agreement the supplier signs with the customer.
- // The supplier has qualified and trained employees executing clinical trials.
- // The supplier maintains a relevant Quality Management System, for example Good Laboratory Practice (GLP), Good Manufacturing Practice (GMP).
- // The supplier maintains a Business Continuity Plan (BCP).

Good Practices

- // There is readily accessible and comprehensive documentation relevant to the clinical trials being performed available, including bio-safety containment where appropriate.
- // A prompt and complete reporting of status/potential issues to its customers is in place.
- // The supplier maintains an appropriately validated computer system to support GxP¹ activities.

¹GxP is an abbreviation of Good x Practices guidelines, where x is used as a common symbol for a specific practice descriptor. Thereby, the term summarizes several Good Practices, for example Good Manufacturing Practice (GMP), Good Distribution Practice (GDP), Good Clinical Practice (GCP), Good Laboratory Practice (GLP). They apply to organizations in the food or pharmaceutical industry.

References



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, Bayer guidelines or AAALAC accreditation.²

Key Expectations

- // There is a commitment to perform animal testing only when required by law or, when not required by law but justified on scientific grounds, the supplier will make sure that all animal testing is ethically and scientifically justified (in accordance with the 3Rs principle).
- // There is a commitment to apply the latest scientific findings in the fields of animal welfare and animal husbandry. This includes group housing if possible and provision of enrichment items like toys. Certified animal caretakers are responsible for training the research animals which is important for reducing their fear of general handling as well as for improving their cooperation within the experiment.
- // All animal testing is carried out with a high level of responsibility. Animals must be spared any unnecessary suffering.
- // The supplier obtains research animals from authorized breeders which are monitored by the relevant veterinary authorities. Exceptions may be when no official breeder exists, as in the case of agricultural livestock and fish, which may be obtained from selected agricultural farms and fisheries, if permitted under specific regulations.
- // There are responsible employees for animal welfare and/or committees specifically to provide guidance, monitor the implementation of animal studies and cooperate with the authorities.
- // The supplier provides its customer's audit teams (e.g., veterinary staff) access to assess its laboratory animal care and use program prior to placement of work and thereafter on a periodic basis.
- // Particular care and attention is paid to the procurement and transportation of animals, including use of appropriate and adequate devices and/or facilities for transport in accordance with applicable guidelines and legal requirements.

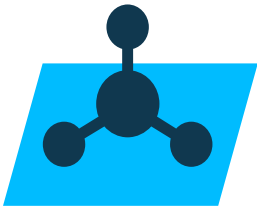
Good Practices

- // Training and eligibility criteria are established, documented, and followed pertaining to employees involved with animal welfare and management.
- // The supplier establishes clear targets to reduce animal tests.

² Association for Assessment and Accreditation of Laboratory Animal Care

References

*reference for illustrative purposes.
Further country- or region-specific regulations or guidelines may exist.



Utilization of Genetic Resources

Suppliers undertake to 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.

Key Expectations

- // The supplier establishes the processes for an Access and Benefit Sharing (ABS) assessment when accessing, utilizing or transferring genetic resources either to third parties or within its organization to ensure that ABS requirements set forth in applicable international and national laws are met.
- // After the ABS assessment, the supplier ensures that relevant genetic resources and their derivatives are purchased and tracked in line with international and national ABS legal regulations.
- // Particularly, Prior Informed Consent (PIC) from the country providing the genetic resources (country of origin) and Mutually Agreed Terms (MAT) between the country of origin and the country those are processed in (country of utilization) is available, if applicable under the ABS regulation.
- // Access, usage and transfer of relevant genetic resources is documented according to relevant international and national ABS legislation and contractual obligations. If requested to do so, the supplier is able to provide these documents to its customers or authorities.

Good Practices

- // There is a central contact person within the supplier's company to assist those handling genetic resources to comply with international and national ABS legal regulations.
- // The supplier tracks country of origin for all genetic resources, including genetic resources from non-signatory countries such as the US.
- // The supplier implements internal control mechanisms and compliance checks.

References



Labor & Human Rights

Suppliers shall respect the human rights of their employees, local communities and vulnerable groups, treating them with dignity and respect.



Child Labor Avoidance

Bayer does not tolerate child labor in our supply chain. Suppliers must avoid any sort of child labor in their business operations as defined in the International Labour Organization's (ILO) core labor standards. If local minimum age law stipulates a higher age for work or mandatory schooling, the higher age applies. In case young workers are employed they must not do work that is mentally, physically, socially or morally hazardous or interferes with their schooling.

Key Expectations

- // The supplier publicly declares a strict prohibition of child labor.
- // There is an effective policy along with processes to condemn all forms of child labor within the organization, for suppliers and business partners, incl. minimum age verification processes during hiring.
- // The supplier adheres to the general minimum age for employment as defined by the ILO which is 15 years (respective 13 for light work) or as set by the national laws — whichever is stricter. In countries with insufficiently developed economies and education systems, those ages may be initially set at 14 (respective 12 for light work) as defined by the ILO. In the case of hazardous work, the limit set by the ILO is usually 18 years.
- // The supplier conducts job safety assessments and identifies types of work (light work, general work, hazardous work).
- // The supplier ensures that the work permitted does not interfere with children's schooling, or their ability to benefit from it, and that it is not harmful. The supplier has a strict limitation of working hours for young workers in a day and in a week.
- // The supplier ensures that the health, safety and morals of the young persons concerned are fully protected and that they have received adequate specific instruction or training.
- // The supplier ensures a fair remuneration for young workers, applying equal pay for equal work principle.
- // There is immediate implementation of responsible remedial measures whenever any adverse impact on children's welfare is observed in the workplace. In any circumstances, a child found working will be immediately removed from the workplace.
- // The supplier ensures that the work permitted does not interfere with children's schooling, or their ability to benefit from it, and that it is not harmful.
- // The supplier ensures that an effective grievance system is accessible to young workers.



Child Labor Avoidance

Good Practices

- // The supplier shall document the process of age verification for job applicants and ensure that suppliers or subcontractors do not hire under the minimum age.
- // Supervisors at the supplier company are trained to respect the provisions for young employees, apprentices and interns (e.g., rules on hours of work, night shifts, weekend work and heavy or dangerous work).
- // The supplier puts in place adequate financial and other support to enable children in their communities to attend and remain in school until no longer a child. If needed, the supplier supports and offers access to bridge schools that prepare formerly “out-of-school-children” for integration into a government school.
- // The supplier follows up to make sure the child that has been removed from work does not return to work and instead goes to school incl. by engaging with the child’s family.
- // The supplier has trained staff familiar with local legal requirements of employment and local context of child labor.
- // The supplier participates in initiatives to tackle the root causes of child labor.
- // The supplier engages with external stakeholders representing potential affected rightsholders, e.g. civil society organizations, trade unions, local community to tackle the root causes of child labor.

References



Freely Chosen Employment

Bayer takes a zero-tolerance approach towards any form of modern slavery, servitude and forced or compulsory labor and any form of human trafficking in our supply chain. The same applies to bonded, indentured, or involuntary prison labor. Practices such as withholding personal property, passports, wages, training certificates, work or any other document for inappropriate reasons are not acceptable. Employees may leave the employer freely, provided they comply with requirements for advance notices as specified by applicable law. Employees shall be paid on time and in full for the work they have done prior to leaving according to applicable laws.

Key Expectations

- // The supplier publicly declares a strict prohibition of any form of modern slavery and human trafficking.
- // The supplier has processes in place ensuring employees enter into employment freely.
- // Working hours, overtime, pay, benefits, leave and terms and conditions of employment must be freely agreed by the employer as well as the employee. Overtime beyond as defined by national law or established by an applicable collective bargaining agreement is not allowed.
- // The supplier has policies and processes in place ensuring that workers do not pay recruitment fees to obtain or secure the job (Employer Pays Principle).
- // No salary, benefits, property or documents should be withheld or payments of wages are regularly delayed in order to force employees to continue working.
- // The supplier will not retain any original identification documents of its employees unless legally required.
- // The supplier ensures full transparency about terms, conditions and their employment costs prior to the written consent for its employees incl. migrant labor. Employees have a copy of their written employment contract or letter, setting out the terms and conditions of their employment.
- // Employees are free to terminate their employment without a penalty, provided that they give reasonable notice to their organization.
- // The supplier ensures that workers have freedom of movement and are not confined to facilities premises, including worker accommodations where provided.
- // The supplier ensures that an effective grievance system (e.g. compliance hotline) is accessible and that employees and others can report concerns without fear of retaliation.
- // If the supplier uses prison work force, this must be voluntarily done by the prisoners and accordingly communicated to customers. Any such employment must be in line with applicable local laws and/or international guidelines.



Freely Chosen Employment

Good Practices

- // The Human Resources function develops, motivates, recognizes and rewards employees and engages in social dialogue.
- // Preventive measures such as a fair and ethical system of hiring practices is applied uniformly, whether directly or through a recruiter or other agencies that have developed policies and strategies to combat trafficking and forced labor.
- // In case the Supplier uses labor brokers or agencies to contract workers, the supplier ensures to understand their policies and procedures and know that they are not using forced or trafficked labor. The supplier verifies that brokers/agencies do not require workers to pay fees to secure employment contracts and that they were correctly informed of the terms and conditions of the job they received (Employer Pays Principle).
- // The supplier participates in initiatives to tackle the root causes of modern slavery.
- // The supplier engages with external stakeholders representing potential affected rightsholders, e.g. civil society organizations, trade unions or with potentially affected rightsholders directly to tackle the root causes of modern slavery.
- // The supplier collaborates with its own suppliers through training, coaching and capability building especially where there is a large presence of migrant workers and third-party workers.
- // The supplier increases transparency within its supply chain to support the management of modern slavery risks in the same.

References



Freedom of Association

Suppliers undertake to commit to an open and constructive dialogue with their employees and workers' representatives. In accordance with local laws, suppliers shall 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.

Key Expectations

- // (Senior) Management respects the right of employees to form and join associations of their choice and to bargain collectively on their behalf if legally permissible.
- // Where collective agreements are in place, they are communicated to all employees in a language they can understand.
- // Respecting individual rights to freedom of opinion, employees are able to communicate openly with (Senior) Management regarding fair working conditions and terms of employment.
- // The supplier shall meet the goals and requirements set out in the ILO Conventions on freedom of association and collective bargaining.

Good Practices

- // The supplier shall develop policies that demonstrates a worker's right to freely associate and to collectively bargain, and train workers to respect that freedom.
- // Where appropriate, workers' representatives are allowed time and facilities to conduct permissible union business, in particular an office area to keep information and materials, conduct meetings, etc.
- // The supplier permits the establishment of independent representative structures/committees for employees which can discuss specific issues, such as health and safety, and social activities.
- // If legally permissible, collective bargaining negotiations are entered into when requested by legally recognized representative agents and collective agreements concluded.

References



Working Time, Wages and Benefits

Working time for suppliers' employees should not exceed the maximum set by the applicable national law and by ILO standards, and overtime work shall be on a voluntary basis. Suppliers shall respect the right to rest and leisure of their employees in balancing their work and private lives. Compensation shall be paid to employees regularly, in a timely manner and in full according to applicable laws and shall comply with applicable national wage laws. Compensation and benefits should be fair and competitive, equal for all and 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). It is recommended that suppliers offer their employees ample training and educational opportunities.

Key Expectations

- // The basic wages (not including overtime) always meet at least legal or collective bargaining agreements (where applicable). Full-time wages are sufficient to meet the basic needs of employees to cover their basic costs of living.
- // Employees receive a physical or electronic pay slip, indicating the components of their compensation, exact amounts for wages, benefits, incentives/bonuses and any deductions. Wages are furthermore paid on time and in full.
- // Suppliers shall ensure terms and conditions mentioned in the employment contract are understood by employees and provide sufficient training so that workers understand their compensation.
- // Overtime is paid at a premium rate as defined by national law or established by an applicable collective bargaining agreement.
- // Working time for suppliers' employees must be in line with applicable local legal regulations. Furthermore, the supplier shall meet the goals and requirements set out in the ILO Convention on hours of work and overtime are met so that the regular working week does not exceed 48 hours, and overtime does not exceed 12 hours. Other than in exceptional circumstances, the sum of regular and overtime hours in a week does not exceed 60 hours.
- // Employees are entitled to at least 24 consecutive hours of rest in every seven-day period. If employees are required to work on a rest day due to a genuine need for continuity of production or service, employees must receive an equivalent period of compensatory rest immediately following.



Working Time, Wages and Benefits

Good Practices

- // The supplier shall implement clear policies regarding regular and overtime hours of work, with defined procedures for deciding on overtime and securing worker consent.
- // (Senior) Management ensures that the average workforce is adequate in size, skill and resources in principle to avoid overtime unless there are exceptional circumstances. Peak periods are planned in such a way to avoid excessive overtime.
- // There is transparency towards all employees if overtime is required and regarding the wages to be paid for it.
- // The supplier implements employee programs to help prevent and protect against illness and injuries at work, and support in building financial provisions for retirement in accordance with local labor and social security laws.
- // The supplier implements a Living Wage concept to ensure an adequate standard of living for all their employees and their families. Regularly assesses and adjusts their employees pay according to the cost of living, basic needs, discretionary income, relevant market benchmarks and enterprise performance.

References



Non-Discrimination and Fair Treatment

Equal treatment of all employees must be a fundamental principle of the supplier's corporate policy. Any kind of discrimination is prohibited. Discrimination occurs when decisions are made for reasons that are not related to the job or not necessary for the business and – consciously or unconsciously – are based on irrelevant characteristics of an employee such as age, disability, ethnic origin, family status, gender, gender expression, gender identity, involvement in an employee representative body, national origin, physical characteristics, pregnancy, religion, sexual orientation, skin color, social origin, union membership, volunteering, or any unlawful criterion under applicable law.

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 specifying that the termination of an employment contract occurred due to the working performance of an employee, as permitted by law.

Bayer encourages suppliers to provide an inclusive and supportive working environment by exercising diversity when it comes to their employees.

Key Expectations

- // The rights and dignity of each individual within the workforce are respected at all times.
- // The supplier tolerates no behavior that is threatening, abusive, exploitative or sexually coercive, including gestures, language and physical contact.
- // Reporting lines, information and grievance channels/mechanisms (e.g., to the manager, legal department, compliance officer, compliance hotline) are in place and accessible to all employees to report, also anonymously to the extent permissible, mental, physical or sexual harassment or any other infringement. Complaints are taken seriously and followed with an unbiased and accurate investigation. In case compliance violations are found, appropriate actions (e.g., specific sanctions) are taken.
- // People leaders actively support and encourage an environment where everyone feels free to speak his or her mind and where diversity in age, backgrounds, behaviors, beliefs, ethnicity, experiences, gender, physical differences, preferences and thinking style based on the characteristics as described in the Bayer Supplier Code of Conduct is respected and promoted.
- // The selection criteria for human resources decisions are objective and transparent.
- // There is no unjustified unequal treatment in hiring, remuneration, access to training, promotion, termination or retirement based on the characteristics as described in the Bayer Supplier Code of Conduct. The supplier adheres to the equal pay for equal work principle.
- // Freedom from discrimination applies to all stages of employment: the recruitment process, working conditions, remuneration, development, promotion and termination.
- // The supplier establishes measures to prevent arbitrary decisions, such as pregnancy testing or other forms of potentially discriminating health screening. There are objective and transparent selection criteria for all human resource decisions, and employees are trained to avoid discrimination when exercising their duties.



Non-Discrimination and Fair Treatment

Good Practices

- // The Supplier shall implement policies that prohibit discrimination of any form on the basis of age, disability, ethnic origin, family status, gender, gender expression, gender identity, involvement in an employee representative body, national origin, physical characteristics, pregnancy, religion, sexual orientation, skin color, social origin, union membership, volunteering (not exhaustive) and establish procedures to implement them.
- // Decisions about recruitment, development and promotion are based purely on merit, performance and ability.
- // Behavioral, rather than disciplinary, incentives are applied whenever possible.
- // Disciplinary actions are consistent with the seriousness of the incident.
- // All employees are trained to recognize and prevent harassment, abuse and other forms of intimidation.
- // There are specific and measurable targets (e.g., number of women in senior/top management positions, board membership representation) across business units.
- // There are specific support programs, such as child or day care centers. Other programs, such as mentoring or scholarships, encourage greater access and participation for underrepresented groups or individuals.
- // The supplier is committed to inclusion and diversity in all phases of employment (e.g., hiring practices, leader training, etc.)
- // Employees responsible for hiring, paying, training, promoting, disciplining and terminating employees are trained to avoid discrimination.
- // All employees must be familiarized with the non-discrimination policy and ensure that all are treated equally irrespective of their employment type.
- // Establish internal groups empowered/sponsored by senior management to promote cultural diversity, awareness and Inclusion & Diversity education.
- // Expand expertise and upskilling opportunities by including concepts in leadership trainings and expectations, establishing Inclusion & Diversity learning journeys in the learning management system.

References



Use of security forces

Whenever third parties (private or public) are employed to protect the supplier's operations and activities, suppliers must ensure that employees are protected through appropriate instruction or control of such third parties. Security personnel must respect the human rights of the individuals they encounter while on duty. Use of torture, cruel or excessive force, inhuman or degrading treatment or injury to life or limb, as well as impairment of the right to organize and the freedom of association, are not accepted.

Key Expectations

// The supplier shall include human rights clauses in contracts with the security provider that set out clear human rights expectations, such as:
training and/or awareness of security force personnel on human rights; guidance to use appropriate levels of force and respect the human rights of others while on duty; establishing clear guidelines of responsibility; reporting of security incidents related to company's operations and activities; use and control of weapons and equipment following national, state and regional laws.

Good Practices

- // The supplier shall include a provision concerning human rights in its policy for hiring private security forces.
- // The supplier shall ensure that the hired security forces have been provided with comprehensive security and human rights training before or during onboarding.
- // The supplier is advised to organize regular exchange with company security personnel, local and national security forces, members of the surrounding communities and other actors in the social and communal conflicts of the region.



Conflict Minerals

Suppliers shall ensure that products supplied to Bayer do not contain metals derived from minerals or their derivatives originated from Conflict Affected and High-Risk Areas (CAHRAs) that directly or indirectly finance or benefit armed groups and cause or foster human rights abuses. Suppliers are expected to comply with the OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas (OECD DDG) as well as other applicable regulations such as the EU Conflict Minerals Regulation.

Key Expectations

- // The supplier commits to abide by all applicable laws and regulations related to conflict minerals.
- // The supplier clearly states its support of international aspirations for a conflict-free supply chain and agrees to provide all necessary information requested by its customers and to enable them to complete their reasonable country of origin inquiries and conflict minerals due diligence.
- // Processes are in place to ensure reasonable due diligence and disclosure procedures to identify whether own suppliers use conflict minerals.
- // The supplier helps to identify the source of 3TGs (tin, tantalum, tungsten, gold) in products, components or materials supplied to its customers (including the smelter or refiner where such 3TGs were processed and the country of origin of the 3TGs where possible through reasonable means).
- // The supplier provides, upon request, reasonable evidence of its suppliers' performance (e.g., "Conflict Mineral Reporting Template – CMRT") with respect to any of its suppliers or subcontractors involved in the production of the materials or products supplied to its customers or any components of those materials or products.

Good Practices

- // There is a policy setting out that processes are in place to identify whether suppliers use conflict minerals. The policy is approved by Senior Management and communicated in writing to all suppliers potentially using conflict minerals.
- // The supplier has publicly declared their stance regarding conflict minerals and what they have done or are doing to ensure they conform to the standards.
- // The supplier sources 3TGs only from smelters whose due diligence practices have been validated by an independent third-party program.
- // The supplier should follow the recommendations of OECD DDG as well as other applicable regulations such as the EU Conflict Minerals regulations.

References

*reference for illustrative purposes.
Further country- or region-specific regulations or guidelines may exist.



Local Communities & Vulnerable Groups

Suppliers shall respect the rights of local communities, including indigenous peoples and other vulnerable and disadvantaged groups. Suppliers shall obtain indigenous peoples' free, prior and informed consent on whether and how to carry out business activities. Unlawful eviction and deprivation of land is not accepted. Suppliers shall listen to the concerns of local residents and strive to create positive impacts through local engagement. The support of local job creation, local sourcing, education provisioning and infrastructure development is encouraged.

Key Expectations

- // The supplier respects the neighbors' lives and health against potential hazards inherent in its production processes.
- // Where feasible, there are concepts and programs in place to promote the local community such as:
 - Recruitment of local staff,
 - Selection of local suppliers.
- // The supplier identifies its local community members (i.e., persons living and/or working in any areas that are economically, socially or environmentally impacted by its operations) and their respective rights (e.g., right to health) that may be impacted by the supplier's activities. This may include vulnerable groups.
- // The supplier evaluates its potential and actual impact on local communities and vulnerable groups (e.g., indigenous people) in the catchment area of its entities, and addresses it appropriately, e.g., timely information and consultation of those groups.
- // The supplier appropriately involves local community members and especially vulnerable groups in relevant measures taken for their protection and safety (e.g., through provision of relevant safety information in local language or comprehensible pictograms).
- // The supplier demonstrates evidence of respect for community land rights and free, prior and informed consent of the local community affected by the supplier's operations.

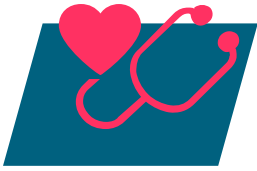
Good Practices

- // The supplier systematically and regularly evaluates the actual and potential economic, environmental and social impact of its activities on local communities and vulnerable groups and documents the results. Areas of impact include, for example, safety aspects, emissions and waste. The supplier may employ an external party to perform the evaluation.
- // The supplier addresses the actual and potential impact its activities have on local communities and vulnerable groups. Local communities and vulnerable groups should be compensated accordingly in case of negative impacts.
- // The supplier implements a purchasing policy and procedures that favor locally produced goods and services. Those should be preferred to imported products wherever possible and reasonable.
- // The supplier offers programs especially for most vulnerable workers addressing their particular needs, e.g., providing flexible timings, offering childcare and mentoring options.
- // The supplier has a strategy in place which defines concepts and programs of its local community engagement. These concepts and programs may encompass:
 - Promotion of science and education (e.g., through supporting schools),
 - Support projects to address social needs (e.g., literacy projects),
 - Foster public infrastructure. At best, the concepts and programs include targets to measure its performance.



Health & Safety

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. Suppliers shall have Health and Safety programs in place to identify, assess and manage risks to ensure and improve employee safety and wellbeing.



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 shall be adequately managed to protect their employees. Suppliers shall provide safe workplaces, workstations and work equipment by adequate maintenance and necessary technical protective measures to mitigate risks and to prevent accidents and occupational illnesses. The supplier shall also set up appropriate controls for the tasks to be performed, safe work procedures and provide employees with appropriate personal protective equipment.

Safety information relating to any identified workplace risk or hazardous materials³ – including components of intermediate materials – shall be made available to inform, train and protect workers from hazards.

Suppliers shall consider appropriate organization of work in terms of working hours and rest breaks to avoid excessive physical or mental fatigue. On top of ensuring physical safety, suppliers shall undertake best efforts to support the mental health of their employees.

A safe and healthy working environment shall include, as a minimum, the provision of potable water, adequate lighting, temperature, ventilation and sanitation and, if applicable, safe and healthy company living quarters.

Key Expectations

- // The supplier establishes a comprehensive system to manage risk in order to identify and assess hazards (i.e., physical, chemical, biological, radiological, psychological and ergonomic) for workplaces and work-related activities, including routine and non-routine work. The supplier implements an appropriate risk mitigation strategy and controls exposures in compliance with applicable standards to As Low As Reasonably Practicable (ALARP).
- // The supplier prioritizes mitigation measures with decreasing focus as the route to mitigation:
 1. risk elimination
 2. technical measures
 3. organizational factors
 4. personal protective equipment.
- // Employees are made aware of and trained on workplace risks and safety and protection measures against exposure to chemicals and other risks affecting their day-to-day work.
- // Proper personal protective equipment (PPE) is made available to employees according to the risks concerned and its correct use is ensured.
- // An efficient permit-to-work system is maintained for work with specific hazards (e.g., “hot work”, working at heights).
- // Workers are encouraged by management to report incidents and concerns without fear of retaliation.
- // The supplier supports joint worker and management committees for the purpose of fostering a culture and commitment to worker protection.
- // The supplier ensures employees are subject to medical examinations and are also monitored for exposure to chemicals and noise. These examinations should be both initial and periodic for employees.
- // In the event of a work-related injury the supplier shall provide first aid and assist the worker in obtaining follow-up medical treatment.
- // All activities are performed in such a way that ensures the occupational health and safety of all personnel on site (employed by the supplier itself as well as by its contractors).
- // The supplier provides comprehensive safety training before or during onboarding.

³ According to the Globally Harmonized System (GHS)



Occupational Health and Safety

Good Practices

- // The supplier implements health-promoting initiatives and programs (e.g., ergonomics, employee assistance, mental health, health promotion courses).
- // The supplier establishes a management system according to OHSAS 18001 / ISO 45001 principles.
- // The supplier implements awareness programs to promote safe behaviors within the whole organization.

References



Process Safety

Suppliers shall have safety programs and management systems 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.

Key Expectations

- // Production processes are designed and conducted considering employee health and safety, community interests and environmental impact to ensure safe operation and a minimized potential for negative consequences in case of an undesirable event (e.g., release of chemicals, spills, explosions).
- // Processes, operations, technical installations and maintenance requirements are documented, such as Piping and Instrumentation Diagrams (P&ID).
- // There are operating procedures for routine as well as foreseeable non-routine operations.
- // Process safety reviews are conducted and documented by a competent professional team of diverse disciplines and competencies.
- // New processes, units or equipment require safety reviews and revalidation conducted at regular intervals or after significant changes. Defined safety measures are approved by the appropriate accountable individuals, implemented and maintained accordingly.
- // Inherent safety concepts have priority over other safety measures.
- // Necessary process safety data and information are available to define safe operational limits and potential hazards of a process or materials.
- // Instrumentation, detectors and other process safety sensing equipment are properly placed, maintained and calibrated to perform as intended.
- // Containment vessels, reactors and other process equipment are equipped with proper safety devices, such as pressure relief valves or flame arrestors.
- // Process safety-specific indicators and objectives and a corresponding reporting policy are established (e.g., reduction of accidents and spills).

References



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.

Key Expectations

- // Appropriate and up-to-date Health, Safety and Environment (HSE) data is available for all materials; for example products, intermediates and raw materials. The supplier ensures that safety data sheets (SDS) are available for at least all hazardous materials handled within its company (e.g., including peripheral materials such as maintenance, janitorial and grounds-keeping supplies).
- // Product safety-relevant information is provided internally as well as externally, for example to customers, distributors and end users.
- // There is easy access for employees to SDS (e.g., through IT systems). These are always available in the local language.
- // All materials are stored safely in suitable containers according to their hazard characteristics, and marked / labeled properly and clearly.
- // Measures are taken to ensure suitability of transport units and packaging used for transportation.
- // All relevant employees are trained in the safe handling of hazardous material.
- // Where appropriate, the levels of hazardous chemicals or substances in the work environment are monitored regularly to ensure exposure does not exceed safe levels.
- // Suppliers ensure that the transportation of Dangerous Goods takes place in compliance with applicable local and international. Where such regulations do not exist, the UN Recommendation on the Transport of Dangerous Goods (UN Model Regulations) should be applied.

Good Practices

- // The supplier proactively publishes HSE-relevant information/SDS (e.g., in the external website) to inform interested consumers and parties, like poison information centers, nominated doctors or transport companies.
- // The supplier provides HSE relevant data and information also for non-hazardous substances.
- // Loading and unloading checklists are maintained to ensure that a product is safely stored and transported.

References

*reference for illustrative purposes.
Further country- or region-specific regulations or guidelines may exist.



Emergency Preparedness, Risk Information and Training

Suppliers shall make safety information on identified workplace risks available to employees and contractors. They shall be correspondingly and continuously 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.

Key Expectations

- // An emergency response plan is implemented addressing the management (in particular reporting and response) of potential issues (e.g., natural disasters, fire, explosion) and is operational 24 hours a day and seven days a week. The plan should take into account actions by all personnel related to fire and/or other emergencies (manmade and/or natural disasters) and should include clear definitions of responsible persons to prevent, reduce and address any emergency event. This is reviewed and updated at regular intervals and whenever there is a significant change at the site/location. The plan includes informing the customer as soon as possible when potential or actual issues arise.
- // The supplier's emergency preparedness and response plan cover a broad range of scenarios such as civil unrest, sabotage, terrorism or consequences and impact of events originating at nearby facilities.
- // Appropriate equipment is available and measures are taken to respond in an emergency scenario (e.g., sufficient number of fire exits, escape routes, fire detection/firefighting equipment, decontamination material).
- // Emergency alarms and communication systems are well maintained and physically tested at documented intervals.
- // Training, simulations and drills are in place to ensure that all employees are familiar with emergency procedures and how to respond in case of an emergency. The trainings should be conducted in the language of the workers and use appropriate methods for the workforce.

Good Practices

- // There are guidelines and training on communication with families of those who might be affected, governmental authorities and the media.
- // To avoid recurrence and to mitigate consequences, the supplier investigates incidents and emergency events with identification of root causes, and implements appropriate corrective and preventive actions.
- // The supplier has an understanding of external emergency responders' availability, capacity, capability and response time in case of an alarm. Requested safety information is shared with emergency responders in a timely manner.

References



Climate & Environment

Suppliers shall operate in an environmentally responsible and resource-efficient manner.



Conservation & Use of Natural Resources

Suppliers shall preserve and protect natural resources, such as sources of energy, water, forests, soil, raw materials, etc. Suppliers shall prevent the exploitation, destruction, or neglect of natural resources. Likewise, suppliers shall undertake commercially reasonable efforts to minimize the creation of air emissions, wastewater, waste, noise and light pollution. Suppliers shall undertake best efforts to ensure that their business activities do not impact natural resources in a way such that the production of food is significantly impaired, a person is denied access to safe drinking water, or a person's health is harmed.

Suppliers shall undertake reasonable efforts to have clear environmental targets, strategies and policies in place. They shall undertake reasonable efforts to have management systems in place to identify and mitigate environmental aspects and impacts of their operations and along their value chains. Suppliers shall ensure and demonstrate continuous environmental improvements. Suppliers shall encourage and apply circular economy practices.

Suppliers shall undertake reasonable efforts to ensure that by using land, forests and waters, which are essential to a person's livelihood, the persons may not be unlawfully evicted, and the land or resources may not be taken for the purpose of acquisition, development or other use.

Key Expectations

- // The supplier engages with stakeholders to assess which natural resources are relevant for its business operations and in its value chain.
- // The supplier implements policies on the conservancy and usage of natural resources which are valid and applied at a group-wide level.
- // Targets are set (e.g., on GHG emissions, water consumption and energy usage) and practices are implemented to reduce material input, energy consumption and emissions.
- // The supplier defines a process to measure and monitor its use of relevant natural resources (energy, water, forests, soil, raw materials, etc.).
- // The supplier documents and reports improvements (e.g., reduction or recycling of waste, reduction of emissions).
- // The supplier adopts circular economy practices which include reduction, substitution, collection, sharing, maintenance, repair, reuse, redistribution, refurbishment, remanufacturing, and recycling; aiming for a material recovery rate of at least 70%.
- // The supplier collaborates with external partners on impact-projects or on developing and implementing third-party accepted sustainability standards and certification schemes.
- // The supplier assesses its potential and actual impact on land or other legitimate tenure rights of the affected community and demonstrates evidence of timely information and consultation of actual affected stakeholders.



Conservation & Use of Natural Resources

Good Practices

- // Implement an environmental management system according to ISO 14001 or EMAS.
- // Define environmental objectives with a due date and assign responsible and accountable employees for the achievement of such objectives.
- // Circular economy practices should be based on the three principles: (1) eliminate waste and pollution by design, (2) keep products and materials in use, (3) regenerate natural systems.
- // Reuse products and material (e.g., packaging) and develop and introduce recyclable products (e.g., cradle-to-cradle approach).
- // Facilitate the adoption of biodiversity conservation measures by farmers and landowners as an integral part of good agricultural practices (e.g., use innovative sustainable solutions, supporting farmers and landowners, help to mitigate climate change).
- // The supplier has a position on protection of eviction and respect of use of land and natural resources; in case of negative impacts on community's land or other legitimate tenure rights, the supplier should compensate them accordingly.

References



Climate Protection

Suppliers shall have climate protection as a core element of their business strategy (e.g., targets and/or company values). Suppliers shall assess the impact and risks climate change has on their business and supply chains and adapt both to climate change.

Suppliers shall set targets to reduce the greenhouse gas (GHG) emissions caused by their operations directly (scope 1) or indirectly (scope 2) and those caused in their value chains (scope 3). Bayer expects its suppliers to have ambitious reduction targets set latest by 2025; and expects those targets to be in line with the approach and the criteria of the Science-Based Targets initiative (SBTi). Suppliers shall reach net-zero value chain GHGs emissions by no later than 2050.

Upon request and if available, suppliers shall be able to provide Bayer with the carbon footprint of their organization and of a representative product.

Key Expectations

- // The supplier implements a company policy on climate protection.
- // The supplier annually measures and publishes its GHG emissions across all GHG scopes (i.e., scope 1, scope 2, scope 3) as defined by the Greenhouse Gas Protocol, thereby creating a full GHG accounting and inventory for its own operations and value chain.
- // The supplier is expected to define science-based reduction targets by latest 2025 to reach net-zero GHG emissions in own operations and value chain by no later than 2050.
- // The supplier implements practices to reduce material input and energy usage.
- // The supplier calculates 'product carbon footprints' (PCF) or 'life-cycle assessments' (LCAs) in line with accepted industry standards (e.g., ISO 14040/44, Tfs PCF Guideline).

Good Practices

- // Set science-based targets to reduce GHG emissions and to limit global warming in line with the guidelines of the Science Based Target initiative (SBTi).
- // Implement a climate protection strategy that effectively reduce GHG emissions in the value chain.
- // Identify GHG emission reduction potentials in the value chain via a management approach.
- // Engage with own suppliers focus on reducing GHG emissions for purchased goods and services (materials, electricity, heating, transportation, warehousing, etc.).
- // The supplier shall be able to provide to Bayer carbon footprint information of its goods and services, ideally as PCF or LCA.

References



Renewable Electricity & Energy Use

Suppliers shall undertake reasonable efforts to endeavor to use 100% of its purchased electricity from renewable sources by 2030. Bayer expects its suppliers to apply good purchasing requirements for renewable electricity, such as the approach and criteria of RE100 (). Likewise, suppliers shall use reasonable efforts to increase the overall use of renewable energy on a yearly basis.

Suppliers shall undertake reasonable efforts to have management systems in place to continuously improve energy efficiency in their operations

Key Expectations

- // The supplier increases its share of renewable electricity (RE) year by year and purchases 100% of its electricity from renewable sources by 2030.
- // The supplier assesses its energy consumption to identify saving opportunities.
- // The supplier has an energy management system in place.
- // The supplier defines an energy saving plan to avoid high energy consumption, reduce energy where possible and find alternative energy sources that are renewable or at least less carbon intensive.

Good Practices

- // Purchase renewable energy in line with criteria set by widely accepted third parties (e.g., RE100, WWF Green Power Criteria, etc.).
- // Implement an energy management system that is in line with the ISO 50001 or a comparable standard.
- // Implement energy efficiency measures for buildings (e.g., LEED), machinery and equipment.
- // Prioritize renewable/decarbonized heating supply and reduce fossil fired.
- // Improve heating, ventilation and air conditioning (HVAC) as well as lighting systems. Apply heat recovery wherever possible.

References



Water Use

Suppliers shall undertake reasonable efforts to have a management system in place to reduce water consumption in their own operations and their value chains.

The way suppliers use water for their operations should not have any negative effect on the availability and quality of water for the environment and neighboring communities. Suppliers shall undertake reasonable efforts to give special attention to water-scarce areas or areas threatened by water scarcity as defined by the World Resource Institute ().

Suppliers shall undertake reasonable efforts to monitor site water usage, quality and discharges. Suppliers shall undertake reasonable efforts to continuously improve water reuse, recycling, reduction and wastewater treatment. Bayer expects its suppliers to also develop a water stewardship strategy.

Key Expectations

- // The supplier complies with international, national and local legislation to protect water resources, reduce consumption and reduce emissions into water.
- // The supplier identifies and promotes the reuse of the amounts of water used in their operations and value chains to manage and reduce water consumption.
- // The supplier conducts water assessments if located in water-scarce areas or areas threatened by water scarcity, to reduce water risks and to ensure that by using water in their operations, neighboring countries are not negatively impacted.

Good Practices

- // Report in detail the handling and consumption of water in the supplier's operations and the company-specific water footprint.
- // Collaborate with external partners to design and implement practices which will focus on improving surface and ground water quality.
- // Engage with partners to help improve water stewardship e.g. the CEO Water Mandate Action Hub and Water Resilience Coalition.
- // If applicable, drive continuous improvement in irrigation efficiency in seed production activities.

References



Waste, Wastewater, Local Air Emissions, Noise & Light-Pollution

The contamination of soil, air and water shall be avoided as well as noise and light pollution. Suppliers shall undertake reasonable efforts to ensure the safe and compliant handling, storage, transportation, reuse, recycling and disposal of all types of solid and liquid wastes. Suppliers shall also undertake reasonable efforts to ensure that wastewater effluents are safe to receiving surface and ground waters. Suppliers shall especially prevent and minimize the release of hazardous substances or active ingredients via spills or via fugitive emissions to the environment.

Suppliers shall give special attention to the handling of substances containing mercury or which are persistent organic pollutants (POPs) as well as to the handling of wastes, air emissions, or wastewater that could contain mercury or POPs. Suppliers shall handle these substances in line with the requirements defined by the 'Minamata Convention' (mercury) and the 'Stockholm Convention' (POPs).

Suppliers shall ensure that the management of wastes from their operations is in line with government regulations and with the requirements defined by the 'Basel Convention', especially if the waste is transported or traded across borders.

Key Expectations

- // The supplier allocates the necessary resources to ensure an effective and compliant management of waste and emissions (e.g., waste segregation and storage practices, in particular secondary containment as required, labeling and documentation, air emission control).
- // The supplier maintains up-to-date inventories of waste, wastewater and waste air. Records are available to confirm that generated waste is disposed of according to local regulations, specific permits and licenses.
- // The supplier ensures that all hazardous materials are identified, labeled and appropriately stored to prevent any risk of pollution in the event of accidental emission or discharge.
- // Emergency preparedness procedures are in place to handle any accidental event presenting an environmental risk to site property or groundwater.
- // External waste contractors, including waste treatment facilities and landfills, are monitored and assessed. The ultimate destination of the waste is a legally approved waste disposal facility. The traceability of hazardous waste disposal is assured.

Good Practices

- // Minimize waste by applying the waste hierarchy: #1 avoidance, #2 reuse or recovery, #3 recycling, #4 treatment in a safe and environmentally responsible manner. Maintain respective documentation.
- // Aim at redesigning products and packaging to reduce waste and enable reuse.
- // Recycle waste wherever possible and commit to reducing waste sent to landfill.
- // Use appropriate technologies to reduce pollutants into air, water and soil – for instance: filters, membrane technology, secondary containment.

References



Deforestation & Forest-Risk Commodities

Suppliers are expected to protect natural ecosystems from deforestation, forest conversion, or land conversion. Suppliers shall undertake best efforts to aim for zero net deforestation. Suppliers shall undertake best efforts to aim for a sustainable production when agricultural feedstocks or forestry feedstocks are impacted.

Suppliers shall undertake best efforts to have management systems in place when using forest-risk commodities (or deforestation-prone products), like palm (kernel) oil, soy or other agricultural or forestry feedstocks. Such system can be based on a widely accepted third-party-verified certification scheme and enable transparency as well as traceability along the value chain.

If suppliers source materials which contain palm (kernel) oil or derivatives of it, suppliers shall ensure that at least 'mass balance'-certified sustainable palm (kernel) oil is sourced. The certification shall be in line with the criteria of the Roundtable on Sustainable Palm Oil (RSPO), or an equivalent scheme.

Key Expectations

- // The supplier aims for a zero net deforestation commitment or higher (e.g., no-deforestation, no-peat, no-exploitation).
- // The supplier does not purchase or produce materials that cause forests to be converted into plantations, cattle ground or other non-forest uses.
- // The supplier engages and works with qualified third parties and further partners/stakeholders (e.g., local communities and NGOs) in developing and implementing guidelines and models for forest and land conservation, rehabilitation or alternative uses in areas unsuitable for development.
- // The supplier makes sure to have a supply chain certification scheme in place for sustainable palm (kernel) oil and aims to have likewise for other forest-risk commodities.
- // The supplier implements systems that enable transparency as well as traceability along the value chain across the different forest-risk commodities.

Good Practices

- // Make use of more sustainable products and components using certification schemes such as , , FSC, PEFC, or others.
- // Reduce deforestation and support coalitions to protect forests (e.g.,).
- // Introduce a framework to enhance natural capital and reduce negative impacts on forests from business activities and supply chain (e.g., Accountability Framework).
- // Ensure sustainable production of forest risk commodities based on certification schemes, e.g., for palm (kernel) oil in line with and for soy in line with .
- // Only source certified sustainable palm (kernel) oil in line with the criteria of the .
- // Provide the RSPO- and RTRS-certification number for all goods to your customer upon request.

References



Quality

Suppliers shall provide high-quality, safe and effective goods and services that are in full compliance with contractually agreed standards, applicable laws and regulations.



Quality Requirements

Suppliers shall meet generally recognized quality standards and 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 and effective for their intended use. Suppliers shall immediately address all major 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.

Key Expectations

- // The supplier complies with legal and regulatory requirements and internationally acknowledged good practices related to quality and safety to the extent adequate in the respective area. Furthermore, the supplier meets the expectations of its stakeholders regarding the quality, safety and efficacy of its products and services. When required, the following standards must apply: Good Laboratory Practice (GLP), Good Clinical Practice (GCP), Good Pharmacovigilance Practice (GVP), Good Distribution Practices (GDP) and Good Manufacturing Practice (GMP).
- // The supplier implements and maintains a Quality Management System (QMS) suitable to the products and services provided to its customers, a common example is the ISO 9001 series.
- // The supplier audits its quality management system internally and through external accredited bodies and customers as needed.
- // The supplier establishes an independent committee/department that acts as the governance body for quality. Local quality teams in the respective business units, regional persons-in-charge as well as special global functions ensure that this takes place.
- // The supplier supports its customer's stewardship efforts to ensure their products and services are managed responsibly in compliance with applicable laws and meet relevant regulatory requirements and industry standards.
- // The supplier engages with problem solving and continuous improvement when its customer signals their product or service does not meet their expectation.
- // The supplier ensures that business partners and its own suppliers also adhere to state-of-the-art quality standards.

Good Practices

- // The supplier promotes and supports innovation in its products and services.
- // The supplier strives for distinctively outstanding and excellent products and services through establishing efficient business processes, for example through a culture of Operational Excellence (e.g., Lean Manufacturing, Six Sigma, Scientific Management).
- // The supplier is open and supportive of qualification audits prior to contractual agreements.

References

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Security and Anti-Counterfeiting Measures

Suppliers shall have good security practices and contractually agreed standards 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 contractually agreed standards 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, falsified or otherwise illegal products via the actions of the third party, including products destined for export that are considered counterfeit, falsified or otherwise illegal products in their country of destination. Bayer expects suppliers to support the investigation and prosecution of any activities connected with counterfeit products.

Key Expectations

- // The supplier strictly abides by all applicable laws (e.g., rules regarding country of origin markings, documentation, declarations to local government agencies, the obtaining of government licenses).
- // Clear processes established to prevent counterfeit, falsified or illegal cases.
- // Know-Your-Customer (KYC) processes are implemented to avoid any association with counterfeit, falsification or illegal products and infringements of the intellectual property rights of customers.
- // Critical security-related supply chain risks are identified along the chain of custody, which in particular refer to theft, misuse, falsification counterfeiting, product adulteration, smuggling and piracy, terrorism, social unrest, etc.
- // The supplier provides a secure end-to-end supply chain to prevent counterfeiting, falsification, theft or illegal diversion of products:
 - Inform Bayer in a timely manner in the event of any incident related to illegally traded, counterfeit or falsified products.
 - Traceability of finished products, returned or discarded products, surplus and waste also of packaging material is ensured.
- // Logistics service providers are selected with due consideration to avoid the transport of counterfeit, falsified or otherwise illegal products and to support in detecting falsely declared, illegal shipments of products. The supplier fully supports the investigation and prosecution of any activities connected with illegal, falsified or counterfeit products.
- // The supplier promptly ceases supplying to a third party if he obtains evidence or is provided with evidence that he is inadvertently involved in the handling of counterfeit, falsified and/or illegal products via the actions of the third party.
- // The supplier collaborates with authorities in order to improve the uncovering rate of suspected counterfeit, falsified or otherwise illegal products.



Security and Anti-Counterfeiting Measures

Good Practices

- // The supplier establishes a contact point that is easily accessible for externals and gives the opportunity to report suspicious falsified counterfeit or illegal products and all other kinds of unlawful/fraudulent circumstances related to the products.
- // The supplier executes related awareness-raising campaigns for all employees and ensures comprehensive spread of information related to the used product safety features.
- // The supplier periodically reviews and, if necessary, redesigns processes to reduce security-relevant risks.
- // The supplier implements custody control and relevant measures, such as tracking systems.
- // The supplier establishes adequate measures to ensure safe handling, storage and destruction of goods carrying Bayer safety features.
- // Sufficient due diligence before entering into new business relations is applied in order to avoid transport, handling or any other kind of inadvertent involvement with counterfeit, falsified or illegal products or unlawful activities.
- // Support e-commerce platforms in detecting counterfeit, falsified or otherwise illegal products/offerings and have an efficient workflow implemented to prevent future illegal offerings.

References

To notify Bayer of any suspicion of falsified, counterfeit or otherwise illegal product, make contact by using the related contact forms:

For Crop Science related products:



Governance & Management Systems

Suppliers shall implement effective management systems and a governance structure to facilitate compliance with all applicable laws and regulations and promote continuous improvement with respect to the expectations set forth in the Bayer Supplier Code of Conduct.



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 and conventions. This includes but is not limited to the principles set forth in the Bayer Supplier Code of Conduct. The latter summarizes important social, environmental and ethical standards, especially based on the referenced sources and the due diligence requirements of the Lieferkettensorgfaltspflichtengesetz (German Supply Chain Due Diligence Act). 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.

Key Expectations

- // Legal and any other relevant requirements (e.g., contractual agreements, internationally recognized standards) are identified, monitored, reviewed and implemented.
- // All necessary legal permits (e.g., licenses, authorizations) are held for operations and regularly renewed, if required.
- // Compliance issues are accurately identified, tracked and resolved. The supplier ensures that an effective grievance system (e.g., compliance hotline) is accessible and that employees and others can report concerns without fear of retaliation.

Good Practices

- // A reliable and up-to-date methodology is established, and measures (e.g., IT tools, employing internal legal expert(s), exchange with external legal expert(s), industry association membership) are taken to identify and track emerging legislation and other commitments.
- // Organizational and operational measures are taken to minimize violations and issues (e.g., IT tools, operational/access restrictions, standard operating procedures).
- // A comprehensive register of substances with related hazards is established, and corresponding requirements (in particular licenses to operate) are kept up to date.



Replication and Communication of the Bayer Supplier Code of Conduct in the Supply Chain

Suppliers must address the principles set forth in the Bayer Supplier Code of Conduct further down the supply chain.

Key Expectations

- // The supplier implements a sustainable procurement policy, which includes commitments and objectives with regard to its relevant sourcing sustainability risks.
- // The supplier establishes its own ethical, social and ecological principles. He communicates these principles within its supply chain.
- // The supplier expects its suppliers to comply with its defined sustainability principles. Suitable measures (e.g., assessments, trainings, on-site audits and management talks) are taken by the supplier to ensure its suppliers comply with the principles.

Good Practices

- // Sustainability-relevant aspects are integrated into supplier contracts or business agreements and documented accordingly.
- // The supplier carries out sustainability-based supplier risk categorization in order to identify (potential) high sustainability risk suppliers. He evaluates the relevant identified suppliers (e.g., through an audit or assessment) on their sustainability performance and efforts.
- // Its suppliers' sustainability evaluation results are selection and decision-making criteria during the sourcing process (e.g., human rights becomes a selection criterion in addition to price, quality and delivery time).
- // The supplier continuously strives to identify new sustainable suppliers.
- // The supplier strives to improve its suppliers' ethical, social and ecological performance. If a supplier commits serious or repeated breaches, for example regarding child labor, the supplier takes – as ultima ratio and following a collaboration to end the breach – active steps to exclude this supplier from further business transactions.
- // A program for training of buyers in sustainability issues within the supply chain is established.

References



Commitment and Accountability

Suppliers shall fulfill the principles set forth in the Bayer Supplier Code of Conduct. Suppliers shall incorporate all applicable aspects of the Bayer Supplier Code of Conduct in their management systems.

Key Expectations

- // The roles and their respective responsibilities and accountabilities regarding the expectations set forth in the Bayer Supplier Code of Conduct are clearly defined and documented. A regular review of this structure is performed. Roles and responsibilities are communicated within the organization to ensure they are understood by the affected persons.
- // Necessary financial, technical and human resources are put in place to ensure that the expectations set forth in the Bayer Supplier Code of Conduct are fulfilled and promoted.
- // The supplier establishes and tracks relevant and measurable ethical, social and environmental objectives and targets.

Good Practices

- // The supplier has a strategy in place which clearly defines concepts and programs to implement the principles set forth in the Bayer Supplier Code of Conduct.
- // The supplier uses a proactive approach in establishing and maintaining the principles set forth in the Bayer Supplier Code of Conduct, including the collection and evaluation of adequate and timely information.
- // Conformance to the principles is incorporated into job descriptions and measures of performance.
- // The supplier is committed and links its activities to international initiatives (e.g., Sustainable Development Goals).
- // Senior Management is committed and accountable for implementing and improving its ethical, social and environmental performance.
- // Ethical, social and environmental targets are anchored in the remuneration at executive level.
- // The supplier has appointed an officer who is responsible for overseeing compliance with ethical, social and environmental issues in the supply chain.



Supplier Inclusion & Diversity

Suppliers shall commit to advancing inclusion and diversity by actively promoting relationships with diverse and underrepresented businesses as Bayer does in its own sourcing process.

Key Expectations

- // Supplier's procurement team proactively provides diverse businesses with fair access to business opportunities.
- // Supplier shall utilize search and assessment processes that are both unbiased and transparent when seeking suppliers or subcontractors.
- // Where practicable, supplier shall actively seek out and provide opportunities for diverse suppliers to participate in procurement bids.
- // Supplier shall develop and maintain key metrics to assess the impact of inclusive sourcing efforts, and if requested, supplier shall report Bayer Tier 2 diverse spend on a quarterly basis.

Good Practices

- // Inclusion and diversity is a priority of the supplier and linked to strategic planning, mission, vision, etc.
- // Supplier is committed to creating an inclusive procurement process where diverse suppliers have equal access to procurement opportunities.
- // Supplier searches for suppliers or subcontractors that similarly value diversity in their own supply chain.
- // Supporting the development of diverse suppliers enhances economic and social benefits that an inclusive procurement process delivers.
- // The supplier expands its supplier diversity efforts by establishing inclusive sourcing processes and engaging with certified diverse-owned businesses to provide products and services to its customers, as recognized within their respective countries and by supplier diversity certifying organizations.⁴

⁴This aligns with Bayer's strategy around Inclusion and Diversity

References

Further examples for supplier diversity certifying organizations:



Training and Competency

The training and information measures of suppliers for their employees and managers have to match or exceed the scope, quality and determination of the Bayer Supplier Code of Conduct and the training materials set out by Bayer such as the Supplier Code of Conduct Guidance:

Key Expectations

- // (Senior) Managers and employees are frequently trained to achieve and maintain an appropriate job-related level of knowledge and skills to address all applicable areas of the Bayer Supplier Code of Conduct as well as regulations and standards.
- // The supplier considers relevant results of the risk assessment and the potential consequences of departing from specified operating procedures and expectations in the design of its training program.

Good Practices

- // The supplier supports the development and enhancement of its employees' professional skills at all levels through suitable training or education opportunities.
- // The supplier provides appropriate training, development and education opportunities and establishes regular training schedules.
- // The supplier has a documented procedure for identifying the training needs of its employees.
- // The supplier documents the participation in trainings of employees/contractors/third party workers and shares the training materials accordingly.
- // Training is periodically reviewed for improvements in design and delivery, and to incorporate feedback suggestions.
- // Eligible new and transferring employees receive training as per program requirements.
- // Employees' advancement and succession planning considers the importance of individual and group performance and awareness pursuant to the principles set forth in the Bayer Supplier Code of Conduct.



Risk Management

Suppliers shall implement mechanisms to regularly identify, evaluate and manage risks in all areas addressed by the Bayer Supplier Code of Conduct.

Key Expectations

- // A method exists to identify, assess and prioritize the business, reputation and legal risks associated with principles set forth in the Bayer Supplier Code of Conduct as they relate to both normal and unexpected operating situations.
- // Risk assessments are performed and updated whenever there is a significantly changed or significantly expanded risk situation, e.g., significant change in operations or product design.
- // Identified and assessed risks are treated (e.g., mitigated, accepted) appropriately according to weighting and prioritization.
- // Risk assessment results and treatments are accurately documented, retained and clearly communicated.

Good Practices

- // Risk assessments are performed by meaningful consultation of interested parties (e.g., within the organization, among competently trained experts or third-party consultants).
- // Responsibility for managing the risk assessment processes is clearly documented and communicated.
- // Risk management forms an integral part of good purchasing and supply practice.
- // The supplier considers certification of its management system for records, for example according to ISO 31000.



Systems, Documentation and Evaluation

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

Key Expectations

- // An appropriate documentation system is established, comprising for example:
 - internal regulations, such as policies, manuals, procedures,
 - records, such as internal and external audit findings, inspections (e.g., by regulatory agencies), injury and illness logs, worker wages and benefits, working hours, worker complaints, performance evaluations, performed trainings. Documented information may only be shared with customers when in line with applicable antitrust provisions.
- // (Documentation is created in a well-structured manner (i.e., accurate, valid and retained).
- // The supplier regularly monitors, evaluates and reviews (e.g., via assessments or audits) the effectiveness of management systems and controls in place. Improvement needs are identified and addressed accordingly.

Good Practices

- // The supplier considers certification of its management system for records, for example according to ISO 30300 series.
- // Documentation meets pre-determined and clearly established quality standards in terms of accuracy, validity and retention.
- // The supplier regularly conducts internal audits to assess the effectiveness of management systems and controls in place, as well as to identify improvement needs. If improvement needs are identified, the supplier addresses them accordingly.

References

Following management systems provide guidance to implement and maintain documentation systems:



Right to Evaluation and Control

Suppliers shall grant Bayer the right to evaluate and control their performance to determine suppliers' conformance with the principles outlined in the Bayer Supplier Code of Conduct upon reasonable prior notice. The evaluations and controls shall be executed directly by Bayer or by a qualified third party in the form of e.g., an assessment or an audit.

Key Expectations

- // The supplier permits Bayer or a qualified third-party service provider to regularly conduct performance evaluations of the facilities, systems and/or documents related to the goods and services provided. Suppliers shall grant Bayer the right to evaluate and control their performance to determine supplier's conformance with the principles outlined in the Bayer Supplier Code of Conduct upon reasonable prior notice. The evaluations and controls shall be executed directly by Bayer or by a qualified third party in the form of e.g., an assessment or an audit.
- // The supplier prepares for performance evaluations (according to the guidance provided by the third-party evaluation service provider or Bayer) by familiarizing itself with the evaluation process and having necessary documents readily available and ensuring that key site personnel is available for interviews etc.
- // The supplier implements corrective actions for any deficiency identified until the next re-evaluation or within the timeframe agreed on, whichever is the earlier point in time.

Good Practices

- // The supplier proactively indicates the existence of third-party performance evaluations to its customers and shares the same with them.
- // As preparation for an upcoming evaluation, the supplier carries out self-evaluations based on evaluation tools/guidance provided, for example by Bayer, PSCI or TfS. For any identified deficiency, suitable corrective actions are initiated prior to any upcoming evaluation. Good Practice examples to support implementation of corrective actions can be found e.g. on bayer.com, PSCI Resource Library, TfS Supplier Academy.
- // The supplier embraces the performance evaluation as a benchmarking and improvement opportunity.



Remedial Actions

The supplier shall, without undue delay, (i) report to Bayer in writing any identified risks for and violations of the principles outlined in Bayer SCoC and (ii) take appropriate remedial actions to prevent, end or minimize the violation. Bayer reserves the right to (i) apply a concept for ending or minimizing a violation and (ii) ask for the supplier's cooperation in this respect. If the supplier fails to comply with the requirements of the Bayer SCoC, and after a grace period of three months has lapsed without the violations having been eliminated, Bayer reserves the right to either (i) suspend the agreement until such violations have been remedied, or (ii) give extraordinary notice of termination after the aligned timeline for execution has lapsed unfruitful and at Bayer's exclusive discretion.

Key Expectations

// The supplier collaborates with Bayer in drawing up and implementing development plans including:

- Time-bound Corrective Action Plans
- Trainings in sustainability topics (for own operations and along the supply chain)
- Follow-up and re-evaluations of sustainability performance

and informs Bayer accordingly on the progress made.

// The supplier assesses its involvement in any harm, i.e. whether the supplier caused, contributed to, or is directly linked to the harm. If the supplier caused or contributed to any harm, the supplier shall provide or cooperate in the remediation. Elements of remedy include: 1. Restitution, 2. Compensation, 3. Rehabilitation, 4. Satisfaction, 5. Guarantee of Non-Repetition.

// The supplier investigates and identifies the root cause in case there is a breach of the principles outlined in Bayer SCoC and creates transparency on the short-term corrective actions that will be taken until long-term corrective actions are implemented to prevent reoccurrence in the interim.

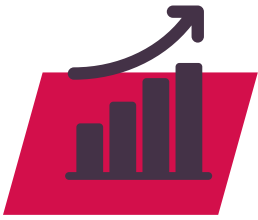


Remedial Actions

Good Practices

- // The supplier sets up a plan to develop its suppliers:
 - Analyze and document assessment and audit results to identify specific improvement measures.
 - Make the improvement measures an integral part of supplier development, agree on a development plan outlining expected corrective actions, and combine a consequence management process with follow-up, re-evaluations and phase-out in case of non-compliance.
- // If the supplier is directly linked to the harm but neither caused nor contributed to it, the supplier should join forces with other companies in sector initiatives and sector standards to increase ability of influencing the companies that (may have) caused or contributed to the harm.
- // The supplier sets up a plan to measure the effectiveness of applied remedy measures for own operations and its supply chain.
- // The supplier consults affected stakeholders about the type of remedy and the manner in which it should be delivered.
- // Before terminating a relationship with its supplier, the supplier shall try to identify a way – together with its supplier – to end or minimize an identified risk or violation. The termination of a business relationship should be ultima ratio.

References



Continuous Improvement

Suppliers shall demonstrate their commitment to continuous improvement of the standards set forth in the Bayer Supplier Code of Conduct by setting performance objectives, executing implementation plans and taking necessary corrective actions for deficiencies identified by internal or external assessments, inspections and management reviews.

Key Expectations

- // (Senior) Management implements strategic programs as well as objectives and action plans for all relevant principles set forth in the Bayer Supplier Code of Conduct.
- // The supplier regularly carries out evaluations to verify compliance with the principles set forth in the Bayer Supplier Code of Conduct.
- // The supplier regularly monitors and tracks its sustainability performance (i.e., ethical, social and environmental performance) and thoroughly analyzes the results to identify improvement potentials. Based on the results, the supplier regularly updates its programs and activities, targets and performance indicators. The supplier's continuous improvement efforts also cover its procurement activities.
- // (Middle) Management integrates sustainability improvements in daily operations.
- // The supplier conducts regular management reviews to trigger a continuous improvement process.

Good Practices

- // Certified management systems such as ISO 14001, ISO 9001 or OHSAS 18001/ISO 45001 are implemented and maintained.
- // The supplier regularly carries out evaluations based on industry standards, for example provided by the Together for Sustainability (TfS) initiative or the Pharmaceutical Supply Chain Initiative (PSCI), to verify compliance with the principles set forth in the Bayer Supplier Code of Conduct.
- // The supplier periodically compares and benchmarks, to the extent legally possible, its sustainability performance against experienced peers in the industry to identify applicable best practices.
- // The supplier supports its suppliers in continuous improvement processes/improving their sustainability performance by, for example, providing training, following up on corrective action plans.



Identification of Concerns

Suppliers shall encourage and provide means for their employees to report concerns, complaints or potentially unlawful activities that have arisen as a result of economic activities in their own workplace area or that of another supplier without threat of reprisal, intimidation or harassment. Any report must be treated in a confidential manner and be able to be made anonymously, where permitted by law. 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's 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 or believes that a risk or a violation of these principles has occurred along the supply chain, the supplier or its employee is encouraged to report its concerns to our Compliance Hotline at

. Suppliers will inform their employees or subcontractors about the possibility of reporting directly and, if desired, anonymously, where permitted.

Key Expectations

- // Reporting lines, information and grievance channels/ mechanisms (e.g., to the manager, legal department, compliance officer, compliance hotline) are established for employees to ask for advice and promptly report violations or issues. Other options can be, for example, dedicated e-mail or face-to-face meetings with supervisors or internal counsel.
- // Anonymity to the extent permissible, adequate confidentiality and the principle of no retaliation is assured. Concerns are taken seriously and followed with an unbiased and accurate investigation by specialists. In case compliance violations are found, appropriate actions (e.g., specific sanctions) are taken.
- // A compliance hotline is extended to the general public to seek advice and report concerns anonymously (to the extent permissible) and in the local language.

Good Practices

- // Employees are made aware of the need to raise concerns, for example through training or awareness campaigns.

References



Transparency and Disclosure

Suppliers shall document and report about their social and environmental impact in line with the principles set forth in the Bayer Supplier Code of Conduct.

Key Expectations

- // The supplier is encouraged to report externally about its economic, social and environmental impact in a way that it is understood by the general public. This can be on its website or in a publicly available report. Reporting can, for example, focus on the standards set forth in the Bayer Supplier Code of Conduct, such as employee health and safety, human rights, energy, waste, water use and business ethics.
- // The supplier adheres to legal reporting requirements.

Good Practices

- // Senior Management clearly supports transparent disclosure of sustainability (i.e., ethical, social and environmental) activities.
- // The supplier keeps up to date on upcoming governmental disclosure requirements and takes necessary measures to implement them within an adequate timeframe.
- // The supplier considers relevant certifications, such as ISO 14001, ISO 50001 or SA 8000. Based on customer requests, the supplier shares the same with them.
- // Published reports are verified by externals (e.g., auditors, rating agencies).

More examples of good practices can be found in Bayer's .

References

Exemplary certifications:



Demand Management

Suppliers shall continuously validate and notify Bayer without undue delay in writing in the event that Bayer's order volumes and/or delivery times negatively impact or are reasonably likely to impact the human rights of their employees.

Key Expectations

// The suppliers shall inform Bayer about any risks of negatively impacting the human rights of their employees in the event that the demanded volumes or delivery times cannot be met. The validation and notification should occur not only in the contractual arrangement but also subsequent purchase ordering.

Good Practices

// The suppliers are encouraged to execute a good supply chain planning, which consists of creating a demand plan, based on a statistical forecast, that considers factors that can influence demand, such as inventory, and specifies where to distribute products to meet the anticipated demand.



Business Continuity

Suppliers shall implement appropriate business continuity plans for operations supporting Bayer's business.

Key Expectations

- // A Business Continuity Management (BCM) system is defined, implemented and executed in a sustainable way, and Business Continuity Plans (BCPs) are compiled following international standards, for example ISO 22301.
- // The scope for BCM (e.g., critical products and/or services delivered to customers, business processes, sites) is determined by a risk-based approach.
- // A Business Impact Analysis (BIA) is done for all processes in scope. It includes the identification of resources required by each process.
- // BCPs are regularly tested, reviewed and updated. They are also taught to affected employees in a comprehensive training program.
- // A communication plan and process to inform customers in due course on business disruptions is implemented and communicated to them.

Good Practices

- // The BCM system is defined at company level. The BCM life cycle consists of a "Plan-Do-Check-Act" approach as described in ISO 22301. The system also ensures continuous improvement of BCM within the organization (e.g., learning from exercises and disruptive events).
- // The BIA supports the prioritization of business functions and processes to identify the critical path of process activities and resources. Furthermore, with the BIA key metrics such as maximum tolerable period of disruption, and/or recovery time objective are determined.
- // Continuity and resumption/recovery measures are documented in BCPs for identified critical employees, infrastructure, suppliers, as well as IT applications and systems. Preventative measures are implemented.
- // The supplier conducts an evaluation of BCM systems of its suppliers that are critical to its own operations.

References



Glossary

Conflict Minerals

// Conflict minerals, as currently defined, include the metals tantalum, tin, tungsten and gold, which are the derivatives of the minerals cassiterite, columbite-tantalite, and wolframite. They are also referred to as “3TG”. Armed conflicts over the control of these resources occur particularly in the eastern part of the Democratic Republic of Congo and neighboring countries.

Counterfeited Products

// Products that are deliberately and fraudulently labeled as Bayer products and thus are identified as such and/or indicate Bayer directly or by accompanying documents as source of origin in contrary to the true facts. The content of such counterfeited products is often unknown.

Employees

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

Facilitation Payments

// Facilitation payments are unofficial, nominal fees designed to secure or speed up a routine action that the official is obliged to perform, such as issuing a license or allowing goods through customs.

Genetic Resource

// A genetic resource is any material of plant, animal, microbial or other origin containing functional units of heredity (genes or DNA/RNA fragments).

Greenhouse Gas

// Gases that trap heat in the atmosphere are called greenhouse gases. The GHG Protocol Corporate Accounting and Reporting Standard covers the seven greenhouse gases covered by the Kyoto Protocol, namely carbon dioxide (CO₂), methane (CH₄), nitrous oxide (N₂O), hydrofluorocarbons (HFCs), perfluorocarbons (PCFs), sulfur hexafluoride (SF₆) and nitrogen trifluoride (NF₃). [Source: <https://ghgprotocol.org/>].

GxP

// GxP is the abbreviation for Good x Practices guidelines, where x is used as a common symbol for a specific practice descriptor. Thereby, the term summarizes several Good Practices, for example Good Manufacturing Practice (GMP), Good Distribution Practice (GDP), Good Clinical Practice (GCP), Good Laboratory Practice (GLP). They apply to organizations in the food or pharmaceutical industry.

Hazardous Materials/Substances

// Materials/substances that have the potential to cause harm to humans, animals or the environment. According to the Globally Harmonized System of Classification and Labelling of Chemicals (GHS), hazardous chemicals respective materials/substances are classified based on physical (e.g., explosives, flammable gases), health (e.g., acute toxicity, skin corrosion/irritation) and environmental (e.g., Hazardous to the Aquatic Environment, Hazardous to the Ozone Layer) hazards. [Source: <https://unece.org/>]

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.

Impact

// Impact refers to the effect an organization has on the economy, the environment, and/or society, which in turn can indicate its contribution (positive or negative) to sustainable development.

International Labour Organization

// 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. [Source: <https://www.ilo.org>]

Illegal Products

// Products that do not mimic original products. The content of these kinds of products is often unknown. Illegal products also include illegal parallel imports which are misusing the parallel import processes.

Modern Slavery

// Slavery is identified by an element of ownership or control over another's life, coercion and the restriction of movement and by the fact that someone is not free to leave or to change an employer. Forms of modern slavery involve among others: Bonded labor, forced labor or debt bondage. [Source: <https://www.ilo.org>]

Personal Information

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



Glossary

Pharmaceutical Supply Chain Initiative

// 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. [Source: <https://pscinitiative.org/home>]

Science-Based Target

// Targets adopted by companies to reduce greenhouse gas (GHG) emissions are considered “science-based” if they are in line with what the latest climate science says is necessary to meet the goals of the Paris Agreement – to limit global warming to well below 2°C above pre-industrial levels and pursue efforts to limit warming to 1.5°C. [Source: <https://sciencebasedtargets.org>]

Science-Based Targets initiative

// The Science-Based Targets initiative champions science-based target setting as a powerful way of boosting companies’ competitive advantage in the transition to the low-carbon economy. It is a collaboration between Carbon Disclosure Project (CDP), World Resources Institute (WRI), the World Wide Fund for Nature (WWF) and the United Nations Global Compact (UNGC). [Source: www.sciencebasedtargets.org/]

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.

Together for Sustainability

// 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. [Source: www.tfs-initiative.com]

United Nations

// The United Nations (UN) is an international organization founded in 1945. The work of the UN covers issues confronting humanity in the 21st century, such as peace and security, climate change, sustainable development, human rights, disarmament, terrorism, humanitarian and health emergencies, gender equality, governance and food production. [Source: <https://www.un.org/en/>]

United Nations Global Compact

// Driven by the 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. [Source: <https://unglobalcompact.org/>]

Vulnerable Groups

// Vulnerable groups are a set or subset of persons with some specific physical, social, political or economic condition or characteristic that places the group at a higher risk of suffering a burden, or at a risk of suffering a disproportionate burden of the social, economic or environmental impacts of the organization’s operations. Vulnerable groups can include children and youth, the elderly, LGBTQ, (pregnant) women, people with disabilities, ex-combatants, the internally displaced, refugees or returning refugees, HIV/AIDS-affected households, indigenous peoples and ethnic minorities.



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