



Bayer

# Supplier Code of Conduct



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



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# Preamble



Sustainable Development is defined as meeting the needs of the present without compromising the ability of future generations to meet their own needs (Brundtland, 1987). In the corporate context, sustainability means corporations need to not only focus on financial performance but also need to consider the risks and opportunities associated with the social and environmental impacts corporations may have – in their own operations and along the full value chain<sup>1</sup>

Bayer considers collaboration on sustainability in the supply chain as key and essential to conducting business. Companies must collaborate along supply chains to continuously improve and respect the environment as well as protect human rights.

Bayer supports the ten principles of the United Nations Global Compact (UNGC) on Human Rights, Labor, Environment, and Anti-Corruption as well as the UN Guiding Principles on Business and Human Rights (UNGPs) and the OECD Guidelines for Multinational Enterprises. This Bayer Supplier Code of Conduct is based on, amongst other international standards: the UNGC, the International Bill of Human Rights, the International Labor Organization's (ILO) Declaration on Fundamental Principles and Rights at Work, the UNGPs, the Rio Declaration on Environment and Development, the UN Convention Against Corruption, the Convention on Biological Diversity, the UN Framework Convention on Climate Change (UNFCCC) as well as the Basel Convention on the Control of Transboundary Movements of Hazardous Wastes and their Disposal, the Stockholm Convention on persistent organic pollutants (POPs), and the Minamata Convention on Mercury.

Bayer is a long-time member of the global [United Nations Global Compact](#), the [United Nations Guiding Principles on Business and Human Rights](#), and the [OECD Guidelines for Multinational Enterprises](#) (founding member), amongst others. In 2020 Bayer joined the [Science Based Targets initiative](#) to reduce greenhouse gas emission and fight climate change.

The Bayer Supplier Code of Conduct considers well-established principles of sustainability which are also included in policies and positions at the Bayer Group including, but not limited to:

- // [Bayer's Group-wide Human Rights Policy](#): Bayer has clearly defined its commitment to the principles of sustainable.
- // Bayer [supports the Paris Agreement](#) and the objective of limiting global warming to 1.5 degrees Celsius relative to the pre-industrial level.

- // [Bayer's Group-wide Human Rights Policy](#) underscores its commitment to respecting human rights in all its business operations along the value chain.
- // [Bayer's Code of Conduct](#) outlines the utmost importance of the legally compliant behavior of Bayer's employees.
- // [Bayer Societal Engagement \(BASE\) principles](#) represent Bayer's guiding principles and form the basis for all Bayer activities.
- // [Bayer's Water Stewardship Policy](#): Bayer is committed to prevent water pollution, continuously improve water reuse, reduction, and wastewater treatment. Bayer endorsed the [UNGC CEO Water Mandate](#).

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

The principles expressed in the Bayer Supplier Code of Conduct comprise an important component of supplier selection and evaluation. Moreover, Bayer expects its suppliers to address these principles further down the supply chain. If a supplier is in breach of one of these principles and cannot agree on an improvement plan or does not implement it, Bayer reserves the right to end the commercial relationship.

The Bayer Supplier Code of Conduct is therefore made available to our suppliers with the goal of strengthening our mutual understanding of how these principles should be practiced in day-to-day business, including the advancement of efforts to contribute to the better health of people, while protecting the planet. In case any of the provisions herein conflict with either contractual stipulations between Supplier and Bayer, or Bayer's General Terms and Conditions of Purchase, the contractual stipulations or the General Terms and Conditions of Purchase shall prevail.

To help and enable suppliers in implementing these principles, Bayer published the [Bayer Supplier Code of Conduct Guidance](#), which is based on the Bayer Supplier Code of Conduct and provides concrete examples of good practices, key expectations, and references which suppliers can use. The Guidance can be found at [www.bayer.com/suppliercodeofconduct](#)

<sup>1</sup> Bayer Sustainability Corporate Policy





# 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. Ethical requirements include the following aspects:



## Business Integrity

Suppliers shall not practice or tolerate any form of corruption, extortion, embezzlement or money laundering. Suppliers shall not offer or accept bribes or other unlawful incentives (e.g., “facilitation payments”) to or from their business partners or government officials 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.



## 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.



## 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.



## 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.



## Fair Competition

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



## International Trade Controls

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



# Ethics



## Fair Marketing Practices

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

Likewise, interactions when marketing or selling 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.



## Standards When Conducting Clinical Trials

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



## Animal Welfare

If applicable to the suppliers' industry, alternatives to animal testing shall be used when such alternatives are scientifically valid and predictive so as not to compromise the quality or safety evaluations of Bayer's products, and when they are acceptable to regulatory agencies. When animal testing is necessary, suppliers shall minimize the number of animals used for testing. Suppliers shall be equally committed to conducting animal testing using the most humane scientifically valid protocol, which must meet study and regulatory requirements, and shall conduct tests only in accordance with all applicable laws, Bayer guidelines or AAALAC accreditation<sup>2</sup>.



## 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.

<sup>2</sup> Association for Assessment and Accreditation of Laboratory Animal Care



# Labor & Human Rights

**Suppliers shall respect the human rights of their employees, local communities and vulnerable groups, treat them with dignity and respect. This includes the following aspects:**



## Child Labor Avoidance

Bayer does not tolerate child labor in its supply chain. Suppliers must avoid any sort of child labor in their business operations as defined in the International Labor Organization's (ILO)<sup>3</sup> 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.



## 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.



## 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.



## 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.

<sup>3</sup> Convention concerning Minimum Age for Admission to Employment 1973; (No. 138); Convention concerning the Prohibition and Immediate Action for the Elimination of the Worst Forms of Child Labour, 1999, (No. 182)



# Labor & Human Rights



## Non-Discrimination & 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.



## 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, 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.



## 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.



## Local Communities and 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.



# 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. This comprises the following aspects:**



## Occupational Health and Safety

Suppliers shall adequately protect their employees against chemical, biological and physical hazards. Physically demanding tasks and conditions in the workplace as well as risks associated with infrastructures used 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 materials<sup>4</sup> – including components of intermediate materials – shall be made available to inform, train and protect workers from hazards.

Supplier 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 support the mental health of their employees.

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



## Process Safety

Suppliers shall have safety programs and management systems in place for managing and maintaining all their production processes in accordance with the applicable safety standards. Programs shall be appropriate



## Product Safety

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.

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.



## Emergency Preparedness, Risk Information and Training

Suppliers shall make safety information 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.

<sup>4</sup> According to the Globally Harmonized System (GHS)





# Climate & Environment

**Suppliers shall operate in an environmentally responsible and resource-efficient manner. This comprises the following aspects:**



## 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.



## 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 ([www.sciencebasedtargets.org](http://www.sciencebasedtargets.org)). 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.



## 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.



# Climate & Environment



## 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 sitewater 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.



## Waste, Wasterwater, 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. Supplier 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.



## Deforestation Soil Use & 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.



# 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. This comprises the following aspects:**



## 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.



## 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.



# 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 this Supplier Code of Conduct. This includes the following aspects:



## Legal and Other Requirements

Suppliers shall identify and comply with all applicable international, national and local laws and regulations, contractual agreements and internationally recognized standards and conventions. This includes but is not limited to the principles set forth in this 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.



## 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 Supplier Code of Conduct and the training materials set out by Bayer such as the Supplier Code of Conduct Guidance:



## Risk Management

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



## Replication and Communication of Bayer's Supplier Code of Conduct Principles in the Supply Chain

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



## Systems, Documentation and Evaluation

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



## Commitment and Accountability

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



## Right to Evaluation and Control

Suppliers shall grant Bayer the right to evaluate and control their performance to determine supplier's conformance with the principles outlined in this 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.



## 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.





# Governance & Management Systems



## Remedial Action

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 Supplier's cooperation in this respect. If 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.



## Continuous Improvement

Suppliers shall demonstrate their commitment to continuous improvement of the standards set forth in this 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.



## 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 the own workplace area or 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 its employees or subcontractors about the possibility of reporting directly and if desired anonymously, where permitted by law, to Bayer's Compliance Hotline. Bayer will not retaliate against any person who in good faith raises a concern.



## Transparency and Disclosure

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



## Demand Management

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



## Business Continuity

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

# Glossary



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

## Terms

### Applicable laws

// The laws of the country in which the Supplier is located, together with the laws of the country where Bayer is located as well as any internal agreements or conventions applicable to Supplier or Bayer.

### Circular Economy

// The circular economy is based on three principles, driven by design: #1: Eliminate waste and pollution, #2: Circulate products and materials (at their highest value), #3: Regenerate nature. It is underpinned by a transition to renewable energy and materials. [[www.ellenmacarthurfoundation.org](http://www.ellenmacarthurfoundation.org)]

### 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". [[www.responsiblemineralsinitiative.org](http://www.responsiblemineralsinitiative.org)]

### Employees

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

### Forest risk-commodities commodities (or deforestation-prone products)

// A commodity for the production of which forest is being converted to agricultural use. The seven commodities responsible for the majority of agriculture-related deforestation are: timber products, palm oil, cattle, soy, rubber, coffee, and cocoa [<https://www.cdp.net/en/forests>].

### GHG Greenhouse Gases

// Greenhouse gases, such as carbon dioxide and methane, which trap and hold heat in the atmosphere and contribute to climate change. Scope 1 emissions refer to direct greenhouse gas (GHG) emissions that occur from sources that are controlled or owned by an organization. Scope 2 emissions refer to indirect GHG emissions associated with any purchases of electricity, steam, heat, or cooling. Scope 3 emissions are the result of activities from assets not owned or controlled by the reporting organization, but that the organization indirectly impacts in its value chain [<https://ghgprotocol.org>].

### Hazardous Materials

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

### Human Trafficking

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

### Personal Information

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

### Persistent Organic Pollutants (POPs)

// Organic chemical substances that are recognized as a serious, global threat to human health and to ecosystems. [<https://www.unep.org/explore-topics/chemicals-waste/what-we-do/persistent-organic-pollutants-pops>]

### Suppliers

// Suppliers include any third party that provides goods and services, whose supplies and services are necessary for the production of Bayer's products and/or the provision of services.

### Suppliers Inclusion & Diversity

// Bayer defines Supplier Inclusion & Diversity as a proactive business program that encourages the use of diverse suppliers. Diverse suppliers are at least 51% owned, operated, and controlled by an individual or group of individuals from an underrepresented group including but not limited to women, people with disabilities, and LGBT+ people.

### Sustainability

// Sustainability covers the areas of ethics, labour & human rights as well as health, safety and environment.

### Sustainability Standards and Certifications

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

# Glossary

## **Water Scarcity**

// Water scarcity is defined as a condition where water demand exceeds the available water supply. It arises in situations where there is insufficient water to support both human and environment water needs at the same time [<https://www.wri.org/>].

## **Water Stewardship**

// Set of practices that promotes and fosters the sustainable and equitable management of freshwater resources. They range from water use efficiency at own operations, to engagement with suppliers, and beyond. Helps water users to manage their own risks and seize opportunities related to water (e.g., ensuring businesses have the water they need to continue production processes), and promote long-term water security for all. [<https://ceowatermandate.org/>]

## **Organizations, Conventions & Initiatives**

### **Basel Convention on the Control of Transboundary Movements of Hazardous Wastes and their Disposal**

// The Basel Convention aims to protect human health and the environment against the adverse effects resulting from the generation, management, transboundary movements and disposal of hazardous and other wastes [<http://www.basel.int/>]

### **Convention on Biological Diversity**

// The objectives of the CBD are the conservation of biological diversity, the sustainable use of its components, and the fair and equitable sharing of the benefits arising from commercial and other utilization of genetic resources. The agreement covers all ecosystems, species, and genetic resources [<https://www.cbd.int/>]

### **International Labour Organization (ILO)**

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

### **Minamata Convention on Mercury**

// The Minamata Convention is a global treaty to protect human health and the environment from the adverse effects of mercury. It includes a ban on new mercury mines, the phase-out of existing ones, the phase-out and phase-down of mercury use in a number of products and processes, and control measures on emissions to air and on releases to land and water. The Convention also addresses interim storage of mercury and its disposal once it becomes waste, sites contaminated by mercury as well as health issues [<https://www.mercuryconvention.org/>]

## **Paris Agreement**

// The Paris Agreement is a legally binding international treaty on climate change. Its goal is to limit global warming to well below 2, preferably to 1.5 degrees Celsius, compared to pre-industrial levels.

## **Pharmaceutical Supply Chain Initiative (PSCI)**

// A nonprofit business organization whose members are pharmaceutical or healthcare companies that share the vision for excellence in safety, environmental, and social outcomes for the whole of the global pharmaceutical and healthcare supply chain. Purpose of PSCI is to bring together members to define, establish, and promote responsible supply chain practices, human rights, environmental sustainability, and responsible business. [<https://pscinitiative.org/home>]

## **RE100**

// A global corporate renewable energy initiative bringing together hundreds of businesses committed to 100% renewable electricity. [<https://www.there100.org/>]

## **Roundtable on Sustainable Palm Oil (RSPO)**

// A nonprofit organization uniting stakeholders from seven different sectors of the palm oil industry. The RSPO has developed a set of environmental and social criteria which companies must comply with in order to produce Certified Sustainable Palm Oil. Members of the RSPO have committed to produce source and/or use sustainable palm oil certified by the RSPO. [<https://rspo.org/about>]

## **Science Based Targets initiative (SBTi)**

// A nonprofit business organization. It is a partnership between CDP, the UNGC, the World Resources Institute (WRI) and the World Wide Fund for Nature (WWF). The SBTi defines and promotes best practice in emissions reductions and net zero targets in line with climate science. [<https://sciencebasedtargets.org/>]

## **Stockholm Convention on Persistent Organic Pollutants**

// The Stockholm Convention is a global treaty to protect human health and the environment from persistent organic pollutants (POPs). focuses on eliminating or reducing releases of POPs. It sets up a system for tackling additional chemicals identified as unacceptably hazardous. Ultimately, the Convention points the way to a future free of dangerous POPs and promises to reshape our economy's reliance on toxic chemicals [<http://www.pops.int/>].

## **Together for Sustainability (TfS) Initiative**

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

# Glossary

## **United Nations Framework Convention on Climate Change (UNFCCC)**

// Driven by the United Nations (UN), The UNFCCC sets an overall framework for intergovernmental efforts to tackle the challenge posed by climate change. Its ultimate objective is to stabilize greenhouse gas concentrations in the atmosphere at a level that will prevent dangerous human interference with the climate system, in a time frame which allows ecosystems to adapt naturally and enables sustainable development. [[www.unfccc.int](http://www.unfccc.int)]

## **United Nations Global Compact (UNGC)**

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

## **United Nations Guiding Principles on Business and Human rights (UNGPs)**

// Driven by the United Nations (UN), a set of guidelines for States and companies to prevent, address and remedy human rights abuses committed in business operations.



# References

## 1) External Sources:

### Ethics

// **AAALAC International**

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

// **Declaration of Helsinki**

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

// **Ten Principles of UN Global Compact**

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

### Labor & Human rights

// **Conflict Minerals**

[www.responsiblemineralsinitiative.org](http://www.responsiblemineralsinitiative.org)

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

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

// **OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas – OECD**

<https://www.oecd.org/daf/inv/mne/mining.htm>

// **Universal Declaration of Human Rights | United Nations**

<https://www.un.org/en/about-us/universal-declaration-of-human-rights>

### Health & Safety

// **PSCI (pscinitiative.org)**

<https://pscinitiative.org/home>

// **Responsible Care Global Charter**

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

### Climate & Environment

// **Circular Economy**

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

// **Convention on Biological Diversity**

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

// **Basel Convention**

<https://www.basel.int>

// **Minamata Convention**

<https://www.mercuryconvention.org>

// **RE100**

<https://www.there100.org/>

// **RSPO**

<https://rspo.org/about>

// **Science Based Target**

<https://sciencebasedtargets.org/>

// **Stockholm convention**

<https://www.pops.int>

// **UNFCCC**

[www.unfccc.int](http://www.unfccc.int)

# References

## Quality

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<https://www.ema.europa.eu/en/human-regulatory/research-development/compliance-research-development>

## Governance & Management Systems

### // Together for Sustainability

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

### // United Nations Global Compact

<http://www.unglobalcompact.org>

### // United Nations Guiding Principles

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

## 2) Bayer-specific Sources:

### // Animal Welfare

<https://www.bayer.com/en/animal-studies/animal-studies-our-responsibility>

### // Biodiversity

<https://www.bayer.com/en/sustainability/position-biodiversity>

### // Bayer's Compliance Hotline

<https://www.bayer.com/en/corporate-compliance/corporate-compliance-policy>

### // Bayer Position on Human Rights

<https://www.bayer.com/en/sustainability/human-rights>

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

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

### // Bayer Sustainable Development Policy

<https://www.bayer.com/en/sustainability/sustainable-development-policy>

### // Climate Protection

<https://www.bayer.com/en/sustainability/climate-protection>

### // Corporate Compliance Policy

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

### // Sustainability at Bayer

<https://www.bayer.com/en/sustainability>

### // Water Position

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



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