



Bayer Supplier Code of Conduct



**Sustainability is a key
element of Bayer's values
and leadership principles**



Table of Contents

PREAMBLE	3
1. ETHICS	4
2. LABOR	5
3. HEALTH, SAFETY, ENVIRONMENT AND QUALITY	6
4. MANAGEMENT SYSTEMS	8
REFERENCES	9



Preamble

“Sustainable Development” is a globally accepted approach to sustaining economic growth without harming our planet or exhausting its resources while improving the quality of life for its current and future inhabitants¹. Sustainability is deemed to make a significant contribution towards any company’s success and to safeguard its future development.

Being a founding member of the [United Nations Global Compact](#), Bayer is one of the companies seeking to modify their operations and strategies to meet the ten universally accepted principles in the areas of human rights, labor, the environment and anti-corruption.

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

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

- Sustainability is a key element of [Bayer’s values and leadership principles](#).

- With its [Sustainable Development Policy](#), Bayer has clearly defined its commitment to the principles of sustainable development.
- Bayer’s group-wide [Human Rights Position](#) underscores its efforts to uphold internationally recognized principles in the areas of human rights and working conditions.
- The [Corporate Compliance Policy](#) outlines key legal areas where the ethically and legally compliant behavior of Bayer’s employees is of utmost importance for the company’s well-being.

All these activities demonstrate how Bayer assumes its responsibility concerning social, ecological and ethical standards and how Bayer Group companies put into practice the principles of sustainable development in their daily operations.

Bayer [expects](#) all of its suppliers to share the principles which are expressed in this Supplier Code of Conduct and which comprise an important component [of supplier selection and evaluation](#).

This Supplier Code of Conduct is therefore made available to our suppliers with the goal of strengthening our mutual understanding of how sustainability should be practiced in day-to-day business.

¹ Bayer Sustainable Development Policy



1. Ethics

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

- **Business Integrity**

Suppliers are expected not to practice or tolerate any form of corruption, extortion or embezzlement. Suppliers will not offer or accept bribes or other unlawful incentives to their business partners. Suppliers are expected not to offer to Bayer employees gifts or any other kind of personal benefit resulting from the relationships with the suppliers.

- **Fair Competition**

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

- **Privacy & Intellectual Property**

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

- **Identification of Concerns**

Suppliers will provide means for their employees to report concerns or potentially unlawful activities in the workplace. Any report should be treated in a confidential manner. Suppliers will investigate such reports and take corrective action if needed.

- **Animal Welfare**

If applicable to the suppliers' industry, animal testing will be minimized and alternatives will be used whenever possible, scientifically valid and acceptable to regulators.



2. Labor

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

- **Child Labor Avoidance**

Suppliers will avoid any sort of child labor in their business operations. The term “child” refers to any person under the age of 15 (or 14 according to the applicable local laws), or under the minimum age for completion of compulsory education, or under the minimum age for employment in any particular country, whichever is the highest. Employees under the age of 18 should not perform hazardous work.

- **Freely Chosen Employment**

Forced, bonded or indentured labor or involuntary prison labor will not be utilized by the suppliers.

- **Non-Discrimination**

Equal treatment of all employees will be a fundamental principle of the supplier’s corporate policy. No employee will be unfairly disadvantaged, favored or ostracized because of ethnic or racial status, color, nationality, descent, religion, caste, gender, age, physical characteristics or appearance, sexual orientation, union membership, political affiliation, HIV/AIDS or parental status. Suppliers will ensure that their employees are not harassed in any way.

- **Fair Treatment**

Suppliers will provide their employees with a workplace free of harsh and inhumane treatment, without any sexual harassment, sexual abuse, corporal punishment or torture, mental or physical coercion or verbal abuse of employees, or the threat of any such treatment.

- **Working Hours, Wages and Benefits**

Working hours for suppliers’ employees will not exceed the maximum set by the applicable national law. Compensation paid to employees will comply with applicable national wage laws and ensure an adequate standard of living. Unless otherwise provided by local laws, deductions from basic wages as a disciplinary measure will not be permitted (this does not exclude the entitlement of damages on a contractual or legal basis). Suppliers’ employees will be paid in a timely manner. It is recommended that suppliers offer their employees ample training and educational opportunities.

- **Freedom of Association**

Suppliers will be committed to an open and constructive dialogue with their employees and workers’ representatives. In accordance with local laws, suppliers will respect the rights of their employees to associate freely, join labor unions, seek representation, join works councils and engage in collective bargaining. Suppliers will not disadvantage employees who act as workers’ representatives.



3. Health, Safety, Environment and Quality

Suppliers **are expected** to provide a safe and healthy working environment and to operate in an environmentally responsible and efficient manner. Suppliers will integrate quality into their business processes. This comprises the following aspects:

- **Quality Requirements**

Suppliers will meet generally recognized or contractually agreed quality requirements in order to provide goods and services that consistently meet Bayer's needs, perform as warranted and are safe for their intended use.

- **Health, Safety, Environmental and Quality Regulations**

Suppliers will comply with all applicable quality, health, safety and environmental regulations. All required permits, licenses and registrations will be obtained, maintained and kept up-to-date. Suppliers will fulfill their operational and reporting requirements.

- **Product Safety**

Material safety data sheets containing all necessary safety-relevant information will be made available by suppliers for all hazardous substances and will be provided to Bayer and other parties in case of a legitimate need.

- **Occupational Health and Safety**

Suppliers will protect their employees from any chemical, biological and physical hazards and physically demanding tasks in the workplace as well as from risks associated with any infrastructures used by their employees. Suppliers will provide appropriate controls, safe work

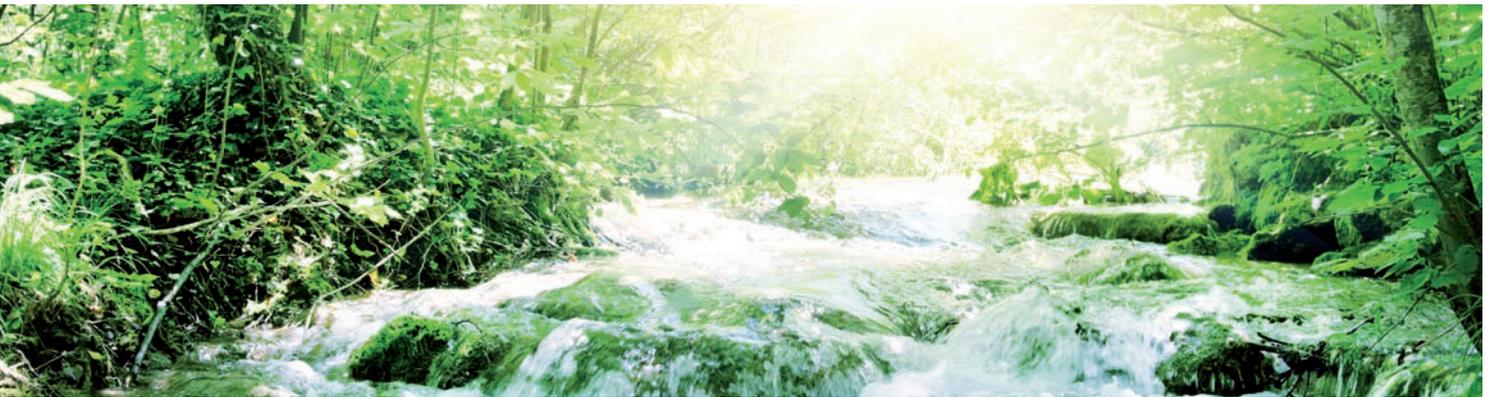
procedures, preventative maintenance, and necessary technical protective measures to mitigate health and safety risks in the workplace. When hazards cannot be adequately controlled by these means, suppliers will provide employees with appropriate personal protective equipment.

- **Process Safety**

Suppliers will have safety programs in place for managing and maintaining all their production processes in accordance with the applicable safety standards. Suppliers will address product-related issues and their potential impact during all stages of the production process. For hazardous installations the supplier will conduct specific risk analyses and implement measures that prevent the occurrence of incidences such as chemical releases and/or explosions.

- **Emergency Preparedness, Risk Information and Training**

Suppliers will make available safety information on identified workplace risks and suppliers' employees will be correspondingly trained to ensure they are adequately protected. Suppliers will identify and assess likely and potential emergency situations in the workplace and minimize their impact by implementing emergency plans and response procedures.



- **Waste and Emissions**

Suppliers will have systems in place to ensure the safe handling, movement, storage, recycling, reuse, or management of waste, air emissions and wastewater discharges. Any of these activities which have the potential to adversely impact human or environmental health will be appropriately managed, measured, controlled and treated prior to release of any substance into the environment. Suppliers will have systems in place to prevent or mitigate accidental spills and releases into the environment.

- **Resource Conservation and Climate Protection**

Suppliers are expected to use natural resources (e.g. water, sources of energy, raw materials) in an economical way. Negative impacts on the environment and climate will be minimized or eliminated at their source or by practices such as the modification of production, maintenance and facility processes, material substitution, conservation, recycling and material reutilization. Suppliers will engage in the development of climate-friendly products and processes to reduce power consumption and greenhouse gas emissions.



4. Management Systems

Suppliers are expected to implement management systems to facilitate adherence to all applicable laws and to promote continual improvement with respect to the expectations set forth in this Supplier Code of Conduct. This includes the following aspects:

- **Legal and Other Requirements**

Suppliers will comply with all applicable laws, regulations, contractual agreements and generally recognized standards.

- **Communication of Sustainability Criteria in Supply Chain**

Suppliers will communicate the principles set forth in this Supplier Code of Conduct to their supply chain.

- **Commitment and Accountability**

Suppliers are encouraged to fulfill the expectations set forth in this Supplier Code of Conduct by allocating appropriate resources.

- **Risk Management**

Suppliers are expected to implement mechanisms to identify, determine and manage risks in all areas addressed by this Supplier Code of Conduct and all applicable legal requirements.

- **Documentation**

Suppliers are expected to develop adequate documentation to demonstrate that they share the principles and values expressed in this Supplier Code of Conduct. This documentation may be reviewed by Bayer upon mutual agreement.

- **Training and Competency**

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

- **Continuous Improvement**

Suppliers are expected to continuously improve their sustainability performance by implementing appropriate measures.



References

1. External Sources:

United Nations Global Compact

<http://www.unglobalcompact.org>

Universal Declaration on Human Rights

<http://www.un.org/Overview/rights.html>

International Labor Standards (ILO)

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

Responsible Care Global Charter

www.responsiblecare.org

OECD Guidelines for Multinational Enterprises

<http://www.oecd.org>

OECD Guiding Principles for Chemical Accident, Prevention, Preparedness and Response

http://www.oecd.org/document/61/0,3343,en_2649_34369_2789821_1_1_1_1,00.html

2. Bayer-specific Sources:

Bayer's values and Leadership Principles

<http://www.bayer.com/en/Bayer-Mission-Statement.pdf>

Corporate Compliance Policy

www.bayer.com/en/Corporate-Compliance-english.pdf

Bayer Sustainable Development Policy

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

Bayer Position on Human Rights

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

Bayer Responsible Care Position

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

Sustainability at Bayer

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

Bayer principles for animal welfare and animal studies

<http://www.animalstudies.bayer.com/en/animal-welfare.aspx>



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