



**Bayer Supplier
Code of Conduct**

Supplier Sustainability Guidance

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Purpose of the Supplier Sustainability Guidance

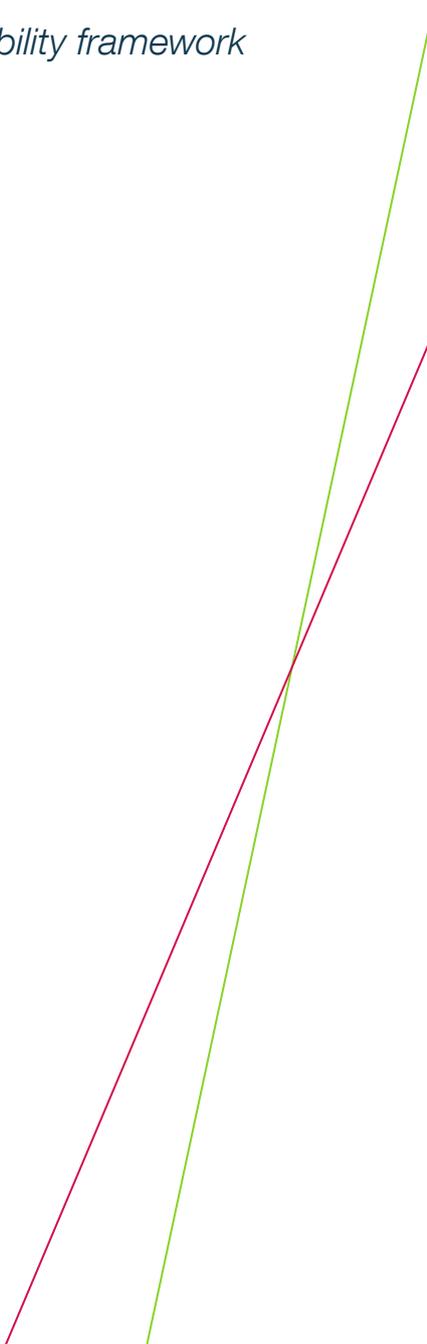
The Supplier Sustainability Guidance aims to provide concrete examples of good practice suppliers could follow and to reference the regulatory framework and standards governing companies' sustainability efforts, based on the standards set forth in the Supplier Code of Conduct.

The Supplier Sustainability Guidance provides suppliers with:

II Practical tips on how they can improve their sustainability efforts

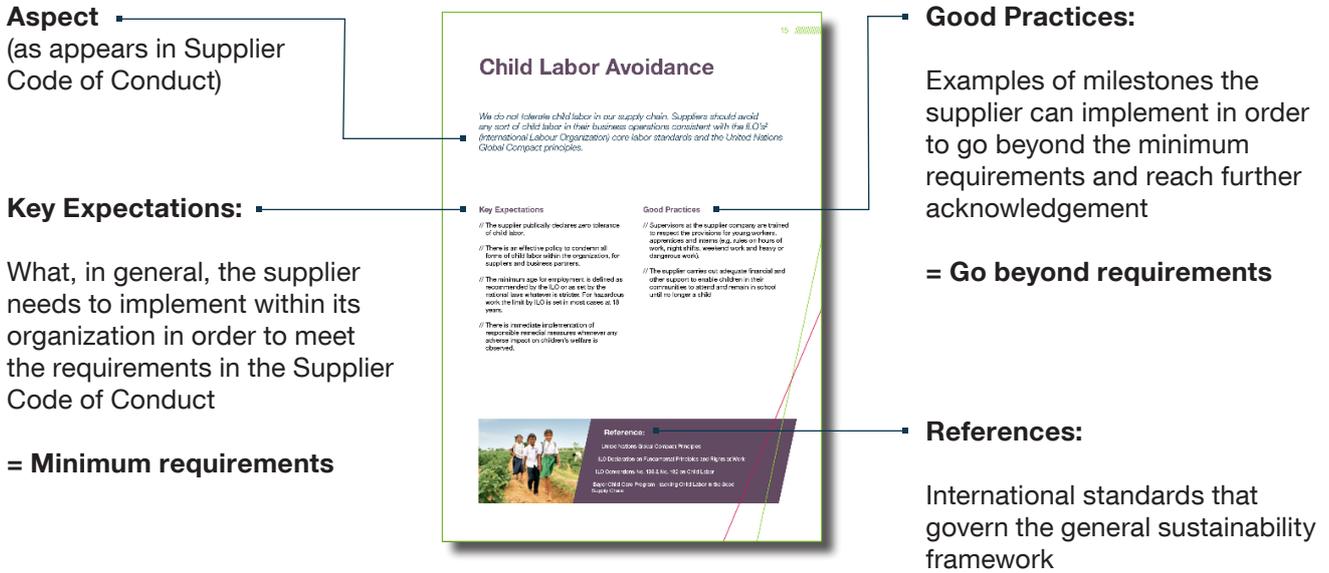
II Assistance on what to prepare for in a sustainability (re-)evaluation

II References to the standards that govern the general sustainability framework



How to use this guidance

For each Supplier Code of Conduct component the following guidance is provided:



It is a generally accepted implementation practice that policies, training and internal audits should be implemented within all organizations as part of a management system. These are in fact generally applicable to all the Supplier Code of Conduct sustainability aspects:

Policies	Policies in the form of a document clearly state the intention and direction of how the supplier company relates to the sustainability aspect, with a clear commitment to identifying the risks, preventing incidents, mitigating the impact and continuous improvements
Training	Training ensures awareness and knowledge on matters related to sustainability
Internal audits	Internal audits carried out periodically by the relevant experts allow verification of compliance to standards as well as identify potential (new) risks

Some notes to take into account

// This document is a non-binding guide for suppliers for implementing sustainable practices within their organizations. The Supplier Code of Conduct remains as the main reference document for our suppliers. The current version is available online.

// To get details of Bayer's commitment to sustainability please go to sustainability.bayer.com

Glossary of relevant abbreviations

EMAS	Eco-Management and Audit Scheme
GCP	Good Clinical Practices
GDP	Good Distribution Practice
GLP	Good Laboratory Practice
GMP	Good Manufacturing Practice
GVP	Good Pharmacovigilance Practice
ICH	International Council for Harmonisation of Technical Requirements for Pharmaceuticals for Human Use
ILO	International Labor Organization
ISO	International Standardization Organization
LEED	Leadership in Energy and Environmental Design
OECD	Organisation for Economic Co-operation and Development
OHSAS	Occupational Health and Safety Assessment Series
REACH	Registration, Evaluation, Authorisation and Restriction of Chemicals.
SA	Social Accountability



Ethics

To meet social responsibilities, suppliers are expected to conduct their business in an ethical manner and to act with integrity.

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/from 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.

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.

Good Practices

- // The supplier establishes thresholds for gifts.
- // The supplier implements the multiple-eye principle (e.g. when inputting info into a system), separation of functions (not concentrated on 1 person), job rotation, etc.
- // Employees are encouraged to share any concerns in case of misconduct, for example, through a whistleblower hotline.
- // The supplier clearly communicates the specific consequences for non-compliance to all employees.

More examples of good practices can be found in the [Bayer Corporate Compliance Policy](#)



Reference:

[U.K. Bribery Act](#)

[U.S. Foreign Corrupt Practices Act \(FCPA\)](#)

Transparency International:
[Business principles for countering
Bribery](#)

Fair Competition

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

Key Expectations

- // A company policy is established by the supplier to comply with competition laws.
- // Appropriate behavior in competition is mandatory for all employees.
- // 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

- // 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.

More examples of good practices can be found in the [Bayer Corporate Compliance Policy](#)



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.

Key Expectations

- // Company policy is implemented by the supplier to protect customer, employee, business partners and even website visitor's data and privacy.
- // The supplier implements a comprehensive risk evaluation to identify threats to privacy & intellectual property.
- // Confidential, proprietary, private or personal information is not disclosed to third parties without, where required, appropriate authorization and, whenever adequate, confidentiality agreements.
- // 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 and password protection).

Good Practices

- // The supplier ensures a compartmentalized storage of electronically stored confidential information with accessibility on a need-to-know basis only.
- // Strict control and management of access rights to any confidential information, in particular in case of resignation.
- // 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, airports, etc.
- // Removal of any confidential information before disposing of equipment.
- // No use of personal e-mail accounts for business purposes.
- // Regular security and legal expert consulting.

More examples of good practices can be found in the [Bayer Corporate Compliance Policy](#)



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.

Key Expectations

- // Reporting lines and information channels are established for employees to ask for advice and promptly report violations or issues (... to the manager, legal department, compliance officer, etc.). Other options can be e.g. dedicated email or face-to-face meeting with supervisors or internal counsel.
- // Anonymity to the extent permissible, adequate confidentiality and the principle of no retaliation is assured.

Good Practices

- // Employees are made aware of the need to raise concerns, e.g. through training, awareness campaigns, etc.
- // 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.
- // Concerns are investigated by specialists and if necessary appropriate actions are taken.

More examples of good practices can be found in the [Bayer Corporate Compliance Policy](#)



Standards When Conducting Clinical Trials

Suppliers are expected to conduct clinical trials in accordance with the international guidelines, the current national and local laws and regulations and 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 client.
- // The supplier has qualified and trained staff executing clinical trials.
- // The supplier maintains a relevant Quality Management System, e.g. GLP, GMP,...
- // The supplier maintains a Business Continuity Plan.
- // Clients' audit teams are given access.

Good Practices

- // There is readily accessible and comprehensive documentation relevant to the clinical trials being performed.
- // The supplier maintains an appropriately validated computer system to support GxP* activities.
- // Prompt & complete reporting of status/potential issues to clients.



Reference:

[ICH-GCP \(International Conference on Harmonization of Technical Requirements for Registration of Pharmaceuticals for Human Use – Good Clinical Practices Guidelines\)](#)

[Declaration of Helsinki](#)

* GxP is a general term for good (anything...) practice quality guidelines and regulations.

These guidelines are used in many fields, including the pharmaceutical and food industries, e.g. GLP, GMP,..."

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.

Key Expectations

- // All animal testing is carried out with a high level of responsibility. Animals must be spared any unnecessary suffering.
- // 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.
- // The supplier obtains research animals from authorized breeders which are monitored by the relevant veterinary authorities. Exceptions may be e.g. when no official breeders exist, 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 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.

- // Training and eligibility criteria are established, documented, and followed pertaining to personnel involved with animal welfare and management.
- // The above likewise applies to contractors carrying out animal testing for the supplier; inspections are conducted at the contractors' sites to confirm compliance.

Good Practices

- // The supplier establishes clear targets to reduce animal tests.
- // The supplier invests in the development of alternatives (e.g. mathematical models, computer simulation or isolated cells grown in a petri dish).
- // There is a fostering of innovation in close collaboration with partners (e.g. other companies and universities) to reduce and replace animal studies in research.
- // There are animal welfare officers and/or committees specifically to provide guidance, monitor the implementation of animal studies and cooperate with the authorities.



Reference:

www.animalstudies.bayer.com

[EU Directive 2010/63 on the protection of animals used for scientific purposes](#)

Conflict Minerals

Suppliers are expected to ensure that products supplied to Bayer do not contain metals derived from minerals or their derivatives that originate from conflict regions and directly or indirectly finance or benefit armed groups.

Key Expectations

- // There is a clear statement from the supplier to the effect of ensuring a conflict-free supply chain.
- // Processes are in place to ensure reasonable due diligence and disclosure procedures to identify whether suppliers use conflict minerals.

Good Practices

- // There is a policy setting out that processes are in place to identify whether suppliers use conflict minerals. The policy is approved 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.



Reference:

[OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas](#)



Labor

Suppliers are expected to protect the human rights of their employees and to treat them with dignity and respect.

Child Labor Avoidance

We do not tolerate child labor in our supply chain. Suppliers should avoid any sort of child labor in their business operations consistent with the ILO's (International Labour Organization) core labor standards and the United Nations Global Compact principles.*

Key Expectations

- // The supplier publicly declares zero tolerance of child labor.
- // There is an effective policy to condemn all forms of child labor within the organization, for suppliers and business partners.
- // The minimum age for employment is defined as recommended by the ILO or as set by the national laws – whichever is stricter. In the case of hazardous work, the limit set by the ILO is usually 18 years.
- // There is immediate implementation of responsible remedial measures whenever any adverse impact on children's welfare is observed.

Good Practices

- // Supervisors at the supplier company are trained to respect the provisions for young workers, 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.



Reference:

[United Nations Global Compact Principles](#)

[ILO Declaration on Fundamental Principles and Rights at Work](#)

[ILO Conventions No. 138 & No. 182 on Child Labor](#)

[Bayer Child Care Program – Tackling Child Labor in the Seed Supply Chain](#)

* Minimum Age Convention 1973; (No. 138); Worst Forms of Child Labour Convention, 1999, (No. 182)

Freely Chosen Employment

We do not tolerate slavery, servitude and forced or compulsory labor and human trafficking in our supply chain.

Bonded or indentured labor or involuntary prison labor is not accepted as well.

Key Expectations

- // The supplier has a clear position regarding the protection of human rights, ensuring workers enter into employment freely, and is against any kind of exploitation or modern slavery.
- // Working hours, overtime, pay, benefits, leave, discipline and grievance systems and terms and conditions of employment must be freely agreed by the employer as well as the worker.
- // No salary, benefits, property or documents should be withheld in order to force personnel to continue working.
- // The supplier will not retain any original identification documents of its employees unless legally required.
- // Personnel shall be free to terminate their employment provided that they give reasonable notice to their organization.

Good Practices

- // The human resources function develops, motivates, recognizes and rewards workers 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 agent.
- // The supplier company collaborates with its own suppliers through training, coaching and capability building especially where there is a large presence of migrant workers and third-party laborers.
- // There is a program of monitoring, whistleblowing (e.g. "ethics hotline") to combat forced labor and modern slavery and to ensure access to grievance procedures.
- // The supplier company participates in cross-industry initiatives to tackle the root causes of modern slavery.



Reference:

[UK Modern Slavery Act 2015](#)

[ILO Declaration on Fundamental Principles and Rights at Work](#)

[ILO Conventions No. 29 & No. 105 on forced labor](#)

[Bayer Modern Slavery Position](#)

Diversity and Inclusion

Equal treatment of all employees will be a fundamental principle of the supplier's corporate policy. Typical discriminatory treatment takes into consideration – consciously or unconsciously – irrelevant characteristics of an employee such as race, national origin, gender, age, physical characteristics, social origin, disability, union membership, religion, family status, pregnancy, sexual orientation, gender identity, gender expression or any unlawful criterion under applicable law. Suppliers will ensure that their employees are not harassed in any way. Bayer encourages suppliers to provide an inclusive and supportive working environment and to exercise diversity when it comes to their employees as well as in their decisions to select subcontractors.

Key Expectations

- // 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 management actively supports and encourages an environment where everyone feels free to speak his or her mind and where diversity in values, beliefs, physical differences, ethnicity, age, gender, experiences, thinking styles, backgrounds, preferences and behaviors is respected and promoted.
- // The selection criteria for human resources decisions are objective and transparent.
- // 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 staff members are trained to avoid discrimination when exercising their duties.

Good Practices

- // Inclusion is a priority of the supplier company and linked to strategic planning, mission, vision, etc.
- // There are specific and measurable targets (e.g. number of women in senior/top management positions, board membership representation, etc.) across business units.
- // There are specific programs such as child or day care centers. Other programs such as mentoring, scholarships, etc. encourage greater access and participation for underrepresented groups or individuals.
- // The supplier is committed to diversity and inclusion and applies these in all phases of employment (e.g. training managers on how to ensure diversity and inclusion when hiring)

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.

Furthermore, suppliers are expected not to unfairly terminate any employment contract or without clear evidence specify that the termination of an employment contract, in relation to the working performance of an employee, is permitted by law.

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 mechanisms are in place and accessible to all employees (e.g. to supervisor or established compliance / human resources persons) to report mental, physical or sexual harassment or any other infringement. Complaints are taken seriously and followed with an unbiased and accurate investigation.

Good Practices

- // Behavioral incentives are applied rather than discipline whenever possible.
- // Disciplinary actions are consistent with the seriousness of the incident.



Reference:

ILO Conventions No. 100 & No. 111 on
“The elimination of discrimination in respect of
employment and occupation”

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 are expected to provide their employees with fair and competitive compensation and benefits. Compensation and benefits should aim at providing an adequate standard of living for employees and their families. Suppliers' employees will be paid in a timely manner. 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 shall be sufficient to meet the basic needs of personnel to cover their basic costs of living.
- // Workers receive a 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.
- // Overtime is paid at a premium rate as defined by national law or established by an applicable collective bargaining agreement.
- // Workers are entitled to at least 24 consecutive hours of rest in every seven-day period. If workers are required to work on a rest day due to a genuine need for continuity of production or service, workers must receive an equivalent period of compensatory rest immediately following.

Good Practices

- // 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 as to avoid excessive overtime.
- // There is transparency towards all workers 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.

Reference:

[ILO International Labour Standards on Working Time](#)

[SA 8000](#)

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.

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.

Good Practices

// If feasible, workplace 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 should not prevent the legal establishment of independent representative structures / committees for workers 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.



Reference:

ILO Conventions No. 87 & No. 98 on "Freedom of association and the effective recognition of the right to collective bargaining"



Health, Safety, Environment and Quality

Suppliers are expected to provide a safe and healthy working environment and, if applicable, safe and healthy company living quarters, and to operate in an environmentally responsible and efficient manner. Suppliers will integrate quality into their business processes.

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.

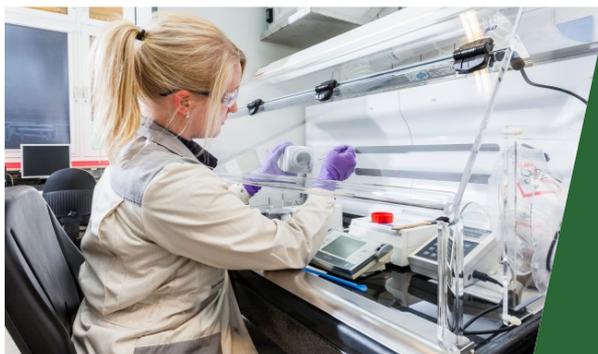
Key Expectations

- // 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 complies with legal and regulatory requirements and internationally acknowledged good practices related to quality and safety to the extent adequate in the respective area. They must furthermore meet the high expectations of their stakeholders regarding the quality, safety and efficacy of their 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 establishes a 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 audits its quality management system internally and through external accredited bodies and customers.
- // The supplier ensures that business partners and its own suppliers also adhere to high 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,...).



Reference:

[Good Laboratory Practice \(GLP\)](#)
[Good Clinical Practice \(GCP\)](#)
[Good Pharmacovigilance Practice \(GVP\)](#)
[Good Distribution Practices \(GDP\)](#)
[Good Manufacturing Practice \(GMP\)](#)
[ISO 9001](#)

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.

Key Expectations

- // Suppliers maintain and update a regulatory record, established to manage adherence to the applicable health, safety and environmentally relevant regulations, which can be local, national and international legislations or other requirements the organization subscribes to.
- // Roles and responsibilities are clearly assigned to obtain, monitor and maintain applicable licenses, permits and registrations. Businesses, in particular production processes and activities, are performed in compliance with these.

Good Practices

- // Management systems are established and certified following common industry standards such as ISO 14001 or EMAS (environment), OHSAS 18001 (occupational health and safety), ISO 50001 (energy management systems), etc.
- // Upcoming regulatory changes are integrated in Management Reviews.



Reference:

ISO 14001
ISO 50001
OHSAS 18001
EMAS

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.

Key Expectations

- // All materials are stored safely in suitable containers according to their hazard characteristics, and marked/labelled properly and clearly.
- // Product safety-relevant information is provided internally as well as externally, e.g. to customers, distributors and end users.
- // Appropriate and up-to-date HSE (Health, Safety and Environmental) data must be available for all materials, e.g. products, intermediates and raw materials. There must be material safety data sheets available for at least all hazardous materials handled within the supplier company.
- // All relevant personnel are trained in the safe handling of hazardous material.
- // Measures are taken to ensure suitability of transport units and packaging used for transportation

Good Practices

- // There is easy access for employees of the supplier company to safety data sheets (e.g. through IT systems, etc.). These are always available in the local language.
- // Pro-active publication of HSE relevant information/safety data sheets (e.g. in the external website) to inform interested consumers and parties like poison information centers, nominated doctors, transport companies, etc.
- // HSE relevant data and information are also provided for non-hazardous substances.
- // Loading and unloading checklists are maintained to ensure that a product is safely stored and transported.



Reference:

[Globally Harmonized System of Classification and Labelling of Chemicals \(GHS\)](#)
[EU Regulation on Classification, Labelling and Packaging of Chemicals \(CLP\)](#)
[Regulation on Registration, Evaluation, Authorization and Restriction of Chemicals \(REACH\)](#)
[Toxic Substances Control Act \(TSCA\)](#)
 Bayer Safety

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. Safety information relating to hazardous materials – including compounds in intermediate materials – shall be available to educate, train and protect workers from hazards. A safe and healthy working environment also includes as a minimum potable drinking water, adequate lighting, temperature, ventilation and sanitation and, if applicable, safe and healthy company living quarters.

Key Expectations

- // A comprehensive risk management system is established to identify and assess hazards (physical, chemical, biological, radiological, psychological and ergonomic) for work places and work-related activities, including routine and non-routine work. An appropriate risk mitigation strategy is implemented and exposures are controlled in compliance with applicable standards to As Low As Reasonably Practicable (ALARP).
- // A medical surveillance program based on workplace risk assessments should be implemented, in order to identify medical conditions that could lead to an occupational disease.
- // 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.
- // An efficient permit-to-work system is maintained for work with specific hazards (e.g. “hot work”, working at heights,...).
- // Activities – including the efficient management of externals (in particular contractors) – are carried out with the aim of ensuring occupational health and safety at the supplier’s premises.

Good Practices

- // Prioritization of mitigation measures with decreasing focus as the route to mitigation:
 1. risk elimination / 2. technical measures /
 3. organizational factors / 4. personal protective equipment.
- // Comprehensive safety training provided before or during on-boarding.
- // Health-promoting initiatives and programs (e.g. ergonomics, health promotion courses,...).
- // Employee participation in workplace related decision-making processes (e.g. through occupational health and safety committees,...).
- // Management System according to OHSAS 18001 principles established.
- // Comprehensive contractor management: efficient monitoring, working descriptions and training.

Reference:

OHSAS 18001
Bayer Safety

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 incidents such as chemical releases and/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,...).
- // 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 e.g. pressure relief valves, flame arrestors.
- // Processes, operations, technical installations and maintenance requirements are documented, such as for example Piping & Instrumentation Diagrams (P&ID).
- // Necessary process safety data and information must be available to define safe operational limits and potential hazards of a process or materials.

- // New processes or units require safety reviews and revalidations conducted at regular intervals or after significant changes. This is done by competent professionals and documented; safety measures defined are implemented and maintained accordingly.

Good Practices

- // Inherent safety concepts have priority over other safety measures.
- // Process safety reviews are conducted by a team of diverse disciplines and competencies.
- // There are operating procedures for routine as well as foreseeable non-routine operations.
- // Process safety-specific indicators and objectives and a corresponding reporting policy are established (e.g. reduction of accidents and spills, etc.).



Reference:

Bayer Safety

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.

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 7 days a week. This is reviewed and updated at regular intervals and whenever there is a significant change at the site/location. The plan includes informing the client as soon as possible when potential or actual issues arise.
- // 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.

Good Practices

- // The supplier's emergency preparedness and response plan cover a broad range of scenarios such as e.g. civil unrest, sabotage, terrorism, consequences and impact of events originating at nearby facilities.
- // There are guidelines and training on communication with the families of those who might be affected, governmental authorities, and media.
- // Emergency scenario and incidents are subject to a comprehensive root cause analysis with measures identified to avoid recurrence.
- // The supplier has an integrated approach with external emergency services, through partnerships and alignment with the local site or community service providers and public emergency responders (e.g. local fire brigade) as appropriate. The parties proactively share information. The plan includes informing the client as soon as possible when potential or actual issues arise.



Waste and Emissions

Suppliers will have systems in place to ensure the safe handling, movement, storage, recycling, reuse and management of waste, air emissions and wastewater discharges. Any of these activities that have the potential to adversely impact human or environmental health will be appropriately managed, measured, controlled and handled 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.

Key Expectations

- // Necessary resources are allocated to ensure an effective and compliant management of waste and emissions (e.g. waste segregation and storage practices, in particular secondary containment as required, labelling and documentation, air emission control).
- // An up-to-date inventory of waste, including wastewater, is maintained and records are available to confirm that generated waste is disposed of in accordance with local regulations, specific permits and licenses.
- // External waste contractors, contracted waste treatment facilities and landfills are monitored and assessed; the final destination of the waste is a legally approved waste disposal facility.

Good Practices

- // Environmental Management Systems according ISO 14001 are established
- // The supplier manages its waste in the following descending order of priority:
 1. avoidance / 2. minimization / 3. reuse or recovery / 4. recycling / 5. treatment and disposal in a safe and environmentally responsible manner.
- // Environmentally relevant targets are set, monitored and documented/reported (for example reduction or recycling of waste, reduction of emissions,...).
- // Experienced professionals are involved in setting up and maintaining the waste and emissions related management systems and measures.



Reference:

ISO 14001
EMAS

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 and use of climate-friendly products and processes to reduce power consumption and greenhouse gas emissions.

Key Expectations

- // Certain aspects of resource conservation (e.g. raw material and energy input, emissions control,...) are an integral part of the supplier company's environmental strategy and policy.
- // Electricity as well as water consumption are monitored.
- // Sustainability objectives are set and practices are embedded that aim to conserve natural resources and avoid material input where possible.

Good Practices

- // Energy Management System according to ISO 50001 is established.
- // Employee awareness programs are in place to promote conservation practices.

// Some examples of good conservation practices:

- // protection and enhancement of nature and biodiversity (e.g. reducing deforestation, join community reforestation initiatives,...),
- // development and introduction of recyclable and climate-friendly products (e.g. cradle to grave approach),
- // reduction of water consumption (e.g. closed water cooling system),
- // reduction of use of raw materials
- // reduction of energy from fossil fuels,
- // reduction of greenhouse gas emissions and achieving carbon-neutral solutions,
- // heat recovery as an ecological energy-saving measure,
- // using buildings or machinery with lower emissions or energy requirements (e.g. LEED Program),
- // reduction of CO₂ emissions during transport (e.g. green logistics),
- // recycling of waste / achieving zero landfill,
- // using membrane technology and other applications to reduce pollutants into water.



Reference:

ISO 14001
ISO 50001
LEED

Security

Suppliers will have good security practices across their supply chains. Suppliers will maintain processes and standards that are designed to assure the integrity of each shipment to Bayer from its origin through to its destination and all points in between.

Suppliers are expected to implement the necessary and appropriate measures in their area of responsibility to ensure that Bayer products, their workable components or raw materials as well as the corresponding know-how do not end up in the hands of counterfeiters or third parties and do not leave the legal supply chain.

Key Expectations

- // Critical security-related supply chain risks are identified along the chain of custody, which in particular refer to theft, misuse, counterfeiting, product adulteration, smuggling and piracy, terrorism, social unrest, etc.
- // A clear policy to prevent and manage any suspected case of counterfeiting is established.
- // Rules regarding country of origin markings, documentation, declarations to local government agencies and the obtaining of government licenses are followed.

Good Practices

- // There is a periodic review and (re)design of processes to reduce security-relevant risks, such as e.g. reduction of number of shipments. The plan includes informing the client as soon as possible when potential or actual issues arise.
- // Custody control and relevant measures, such as e.g. tracking systems.
- // Logistics service providers are selected with due consideration of security aspects to provide safe and secure storage and transportation services.





Management Systems

Suppliers are expected to implement management systems to facilitate compliance with all applicable laws and to promote continuous improvement with respect to the expectations set forth in this Supplier Code of Conduct.

Legal and Other Requirements

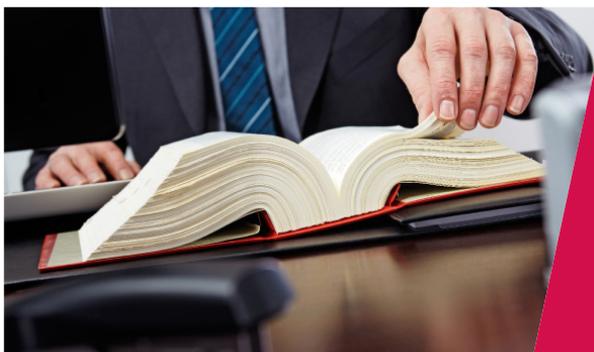
Suppliers will comply with all applicable laws, regulations, contractual agreements and generally recognized standards.

Key Expectations

- // Any relevant requirements are identified, monitored, reviewed and implemented.
- // All necessary legal permits (e.g. licenses, authorizations,...) must be held for operations and regularly renewed if required.
- // Compliance issues are accurately identified, tracked and resolved.

Good Practices

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



Communication of Sustainability Criteria in Supply Chain

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

Key Expectations

- // A sustainable procurement policy is implemented, which includes commitments and/or objectives with regard to relevant sourcing risks affecting the supplier company.
- // Expectations with regard to the above are effectively communicated within the supply chain.

Good Practices

- // Sustainability-based supplier risk segmentation is carried out; high risk suppliers are identified and evaluated (through an audit or assessment) on their sustainability performance and efforts
- // Supplier sustainability evaluation results can be a selection and decision-making criteria during the sourcing process (e.g. human rights becomes a selection criteria in addition to price, quality and delivery time).
- // Sustainability-relevant aspects are integrated into supplier contracts or business agreements and documented accordingly
- // A program for training of buyers and sourcers in social and environmental issues within the supply chain is established.
- // The supplier company continuously strives to identify new sustainable sources and improve sustainability practices within its supply chain.



Reference:

[California Transparency in Supply Chains Act](#)

Commitment and Accountability

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

Key Expectations

- // The roles and their respective responsibilities and accountabilities regarding sustainability are to be documented. A regular review of this structure is to be performed. Roles and responsibilities are communicated within the organization to ensure they are understood by the affected persons.
- // Necessary financial and human resources are put in place to ensure that sustainability and corporate social responsibility are respected and promoted.

Good Practices

- // Conformance to the principles is incorporated into job descriptions and measures of performance.



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 with respect to all applicable legal requirements.

Key Expectations

- // A method exists to identify, assess and prioritize the business, reputation and legal risks associated with sustainability expectations and requirements as they relate to both normal and unexpected operating situations.
- // Risk assessment results 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 and sustainability performance form an integral part of good purchasing and supply practice.



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.

Key Expectations

// An appropriate documentation system is established, e.g. comprising policies, manuals, procedures, records such as audit findings, injury & illness logs, worker benefits in general and minimum pay information, inspections by regulatory agencies, worker complaints, performance assessments, etc. Documented information may only be shared if this is in line with applicable antitrust provisions.

Good Practices

// Documentation meets pre-determined and clearly established quality standards in terms of accuracy, verification, and retention.

// HSE-relevant management systems such as ISO 14001, OHSAS 18001, etc. can provide guidance on how to implement, manage, control and audit documents, as well as what kinds of documentation are needed.



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 the contents of this Supplier Code of Conduct, the applicable laws and regulations and generally recognized standards.

Key Expectations

- // Risk-based training is performed for personnel, workers and management to achieve an appropriate level of knowledge, skills and abilities to address all areas of expectations related to sustainability as well as all applicable regulations and standards.
- // Training programs include appropriate and relevant results of the risk assessment and the potential consequences of departing from specified operating procedures and expectations.

Good Practices

- // 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
- // Employee advancement and succession planning considers the importance of individual and group performance and awareness pursuant to the principles.



Continuous Improvement

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

Key Expectations

- // The management implements strategic programs as well as objectives and action plans for all relevant aspects of sustainability.
- // Performance is monitored and the programs and targets are updated and communicated regularly.
- // Regular management reviews are conducted to trigger a continuous improvement process.

Good Practices

- // Certified Management Systems such as ISO 14001 and OHSAS 18001 are implemented and maintained.
- // The supplier periodically compares and benchmarks, to the extent legally possible, sustainability performance against similar peers in the industry to identify applicable best practices.
- // The supplier carries out regular internal sustainability evaluations with the goal of ensuring continuous improvement. This is done for example by members of the Together for Sustainability (TfS) and Pharmaceutical Supply Chain (PSCI) Initiatives.





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