



# Modern Slavery Act Statement

for the financial year ending 31st December 2017

This statement is made in relation to Section 54 of the UK Modern Slavery Act 2015. The company's understanding of slavery and servitude, forced or compulsory labour and human trafficking is based on the definitions given in the Act.

## 1 Organization

Bayer is a Life Science company based in Germany with affiliates around the world.

The operations are managed in three divisions – Pharmaceuticals, Consumer Health and Crop Science – and the Animal Health business unit and the corporate functions. To learn more about Bayer visit our Website [www.bayer.com](http://www.bayer.com).

Bayer's operations in the UK are predominantly carried out through the Bayer AG affiliates, Bayer plc and Bayer CropScience Limited.

## 2 Business

Our business portfolio is focused exclusively on the Life Sciences and on solving the major challenges of the future – from Pharmaceuticals to Consumer Health to Animal Health and Crop Science. No comparable company is similarly positioned to offer solutions for both health care and agriculture. As a Life Science company, we can concentrate even more on fulfilling our mission.

## 3 Values

We live up our responsibility by pursuing clearly defined principles expressing our basic ethical philosophy by our Charter of Ethical Principles. It constitutes our corporate culture which is an important factor in the company's success. Our LIFE values, which are firmly anchored in our company and provide us with guidance in our daily work. LIFE stands for Leadership, Integrity, Flexibility and Efficiency.

These values apply to everyone at Bayer and are also firmly integrated into our global performance management system for managerial employees. Our value culture ensures a common identity within the enterprise across national boundaries, management hierarchies and cultural differences.

Bayer is committed to ensuring the health and safety of our employees and partners, smooth and safe operations at our facilities, and the safety of our products.

The actions of every employee at Bayer should be guided by integrity – as set out in our LIFE values. Our Charter of Ethical Principles and our Compliance Policy therefore serve as a code of conduct that applies to all Bayer employees worldwide.

At Bayer, we constantly strive to create the best environment for employees to perform, innovate and develop. A condition for this is treating every employee fairly and with respect.

## 4 Supply chain

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 its suppliers and subcontractors to share the principles which are expressed in our Supplier Code of Conduct and comprise an important component of supplier selection and evaluation. Relevant provisions from our Code for the purposes of this statement include:

- i) no tolerance of child labour in Bayer's supply chain
- ii) *no tolerance of slavery, servitude and forced or compulsory labour and human trafficking* in our supply chain; bonded, indentured or involuntary prison labour is not accepted as well
- iii) suppliers will provide their employees with a workplace free of harsh and inhumane treatment
- iv) working hours for suppliers' employees will not exceed the maximum set by the applicable local law

We assess adherence to these principles before making final decisions around the issuing or renewal of supply contracts and have made our suppliers aware of the importance we attach to this. In the preparation of this statement, we have considered the Bayer supply chain and have not identified any instances of slavery and servitude, forced or compulsory labour or human trafficking (Modern Slavery) within it.

Moreover, we expect our suppliers to replicate these standards further down the supply chain.

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 and in the expectation that our suppliers will seek to enforce the same principles within their own supply chains.

## 5 Policies

Bayer has established global policies on - amongst others – Corporate Compliance, Human Rights Position, Fairness and Respect at work and the Charter of Ethical Principles and our LIFE values. As we have not identified any instances of Modern Slavery within our business and supply chain, we do not maintain further separate policies in relation to those matters, nor provide stand-alone training on them to the majority of our staff.

We do have existing policies and procedures relating to grievances, disciplinary issues and whistleblowing. They are sufficient to allow and encourage any employee, contractor or agency worker with relevant information about Modern Slavery to come forward without fear of retaliation and also to allow Bayer to take any necessary corrective action immediately.



At Bayer, we constantly strive to create the best environment for employees to perform, innovate and develop. We believe that a critical element in achieving this goal is treating every employee fairly and with respect.

The essential components of Fairness and Respect are an environment in which acceptable standards of behavior are followed and that ensures that employees shall not be subject to discrimination, harassment or retaliation. Bayer believes that its employees deserve to work in an environment where fairness and respect are an essential part of the company culture.

These principles are fundamental to Bayer, expressed in such places as the LIFE values, which instruct us to treat others fairly and with respect. The Corporate Compliance Policy as well as the Charter of Ethical Principles states that.

Bayer expects its employees to be respectful, professional, and fair in their dealings with colleagues and third parties, including customers, suppliers, and officials.

Bayer has also declared its commitment to United Nations Declaration of Human Rights and is among the founding members of the United Nations Global Compact, which actively promoted sustainable and ethical corporate management worldwide.

## 6 Commitment

Owing to these policies and the above mentioned values, Bayer is committed to not tolerating Modern Slavery. We have checked the wording of our actual policies on all aspects of the UK Modern Slavery Act and have adapted our Supplier Code of Conduct accordingly.

The observance of human rights is an integral part of our sustainability management and our human resources strategy. Responsibility for this topic lies with the Board of Management member responsible for Human Resources, Technology and Sustainability, who is assisted by the Sustainable Development Committee (SDC) and, as of 2018, the Group-wide Human Rights Panel, which forms part of the SDC. Directives, processes, and management and monitoring systems control the implementation of human rights standards in business operations.

In 2017, we took a current inventory of our due diligence activities with respect to human rights in our most important business processes and developed recommendations for action, particularly in terms of our reporting on these activities.

## 7 Training

To create a positive compliance culture in our company, we support all employees in conducting their professional activities with integrity and avoiding potential violations before they can occur.

Bayer therefore organises Group-wide training programs tailored to requirements and target groups, along with extensive communications activities on relevant compliance issues and risks. The purpose of training is to educate Bayer employees about laws and company regulations relevant to their daily activities, support them in identifying situations of potential risk and provide practical advice on how to act in a compliant manner.

The aim of these targeted training programs is to ensure that employees do not overstep boundaries out of ignorance or uncertainty. Our compliance training programs reflect the main compliance risk areas and are available in various formats to meet the training needs of different employee groups.

Some take the form of online training programs, while others involve face-to-face training sessions or workshops.

We offer ongoing training programs to enhance employees' awareness of the importance of human rights in their day-to-day activities. In 2017, more than 47% of our employees received training in aspects of our Human Rights Position in training sessions totaling around 190,000 hours. Aspects of human rights are also covered in the training offerings for our suppliers.

## 8 Audits

Adherence to the Corporate Compliance Policy is among the subjects covered in all audits conducted by Bayer Internal Audit. The planning of these audits follows a function and risk-based approach.

The head of Internal Audit and the Group Compliance Officer regularly attend the meetings of the Audit Committee of Bayer AG's Supervisory Board, presenting a summary of conducted audits and their outcomes at least once a year.

## 9 Corporate Responsibility

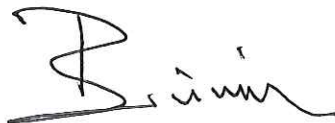
This statement was approved by the Board of Management of Bayer AG and the Boards of Bayer plc and Bayer CropScience Limited.

### Signed



**Dr. Hartmut Klusik**

Member, Board of Management, Bayer AG



**Lars Bruening**

Director, Bayer plc and Bayer Crop Science Limited

June 2018