

MONSANTO 2013

# UNITED NATIONS GLOBAL COMPACT

## COMMUNICATION ON PROGRESS



# CEO LETTER

Creating enough food for our growing population while dealing with climate change and ensuring the availability of fresh water are some of the greatest challenges of our times. Every day the people of Monsanto are working and collaborating with other experts to deal with these challenges.

Our continued alignment with the 10 Principles of the United Nations Global Compact is critical to fulfilling our vision for sustainable agriculture. This Communication on Progress is part of our overall commitment to communicate transparently about our sustainability strategies, activities and progress. It's a commitment that includes being a member of the Global Reporting Initiative's (GRI) G4 Pioneers Program and issuing GRI-based sustainability reports on an annual and interim basis.

I encourage you to read how Monsanto continues to make the Global Compact and its principles part of the strategy, culture and day-to-day operations of our company.



**Hugh Grant**

Chairman and CEO  
Monsanto Company



# HUMAN RIGHTS

Respecting, protecting and advancing human rights is a long-held commitment of Monsanto. Whether a full-time colleague or a seasonal worker, everyone deserves to be treated with respect and work under conditions that are safe and humane. We have the policies and measures in place to ensure that the fundamental rights of workers are upheld, and we are constantly striving to improve working conditions. In 2013, we continued our commitment to the Human Rights principles of the United Nations Global Compact (UNGC):

## Principle 1

**Businesses should support and respect the protection of internationally proclaimed human rights.**

## Principle 2

**Businesses should make sure that they are not complicit in human rights abuses.**



In 2006, we formalized our commitment to human rights with the establishment of our Human Rights Policy. Our Policy is guided by the Universal Declaration of Human Rights and the International Labor Organization's Declaration on Fundamental Principles and Rights at Work. The Policy covers child labor, forced labor, compensation, working hours, harassment and violence, discrimination, safety, freedom of association and legal compliance.

## Education and Training

Our commitment to human rights starts with education. In 2013, more than 3,500 new Monsanto colleagues and even more contractors and seasonal workers completed human rights training.

We also expanded our in-person trainings to reach our research and breeding teams located in all areas of the world. In 2013, we conducted a human rights awareness event at 192 sites, training more than 8,600 employees and seasonal workers.

## Preventing Human Rights Abuses

Monsanto has a growing global network of internal Human Rights Champions who heighten awareness of human rights issues and resolve concerns swiftly in their respective regions. In 2013, the Human Rights Champions participated in a four-day training program in San Francisco to discuss policy, exchange best practices and develop human rights program enhancements.

Employees and contract workers can confidentially voice any human rights concerns with the Monsanto Business Conduct Office (BCO). In 2013, the BCO received a total of 19 allegations related to human rights across the company's global network. All 19 allegations were investigated and, when warranted, independently reviewed. The concerns raised were ultimately resolved.

## Protecting the Rights of Contract Workers

Our Policy safeguards both full-time employees and seasonal workers. In 2013, we continued to include human rights compliance clauses in the direct contracts we signed with each of our business partners and trained nearly 30,000 of the farmers we work with in-person on our Human Rights Policy.

And, if a farmer doesn't meet our high standards, we take action. Through ongoing human rights assessments, we chose to discontinue relationships with 58 business partners globally after 2013: 47 in India for child labor, six in the United States for compensation and working hours violations, and five in Latin America for safety violations.

To further address the needs of temporary workers, we recently launched a mobile phone hotline pilot program in one country. Thanks to suggestions submitted through the hotline, we are improving worker communications regarding their compensation and providing improvements to the temporary housing we supply.



# LABOR

Our colleagues, contract and seasonal workers are the backbone of our company. Monsanto fosters an environment that honors their contributions, supports workers' rights and values diversity in all of its forms. And we follow strict procedures for ensuring compliance with all child labor laws with zero tolerance for forced or compulsory labor.

In 2013, our efforts to build an exceptional workplace were award-winning: Monsanto received "Best Place to Work" award designations in 16 different countries or regions, and we were named to CR Magazine's "100 Best Corporate Citizens" and the Global 100 Most Sustainable Corporations in the World by Corporate Knights. We continue to advance our commitment to the UNGC's Labor principles:

## Principle 3

**Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;**

## Principle 4

**The elimination of all forms of forced and compulsory labor;**

## Principle 5

**The effective abolition of child labor; and**

## Principle 6

**The elimination of discrimination in respect of employment and occupation.**

## Workers' Rights

We assess the working conditions of our employees and seasonal workers globally through internal and third-party audits tied to the nine elements of our Human Rights Policy. If we uncover an issue, a thorough investigation is immediately conducted and corrective action is implemented as necessary.

Our Policy protects employees' rights to associate freely and bargain collectively. In situations where these rights are restricted under law, Monsanto facilitates open communication between workers and management. Workers can freely voice concerns to their management and human resources representatives, Monsanto's Human Rights Champions Network or our Business Conduct Office.

We actively strive to identify situations that require intervention. One of our 2013 audits in a developing country uncovered a business partner charging excessive rates for loans to seasonal workers. While this practice was legal in this particular country, Monsanto worked with the partner to lower the interest rate.



## Fair Pay

In the United States, Monsanto requires all contractors who provide us with farm labor to communicate their payroll practices to us. Monsanto periodically audits the payroll practices of the contractors or their agents to ensure that workers are paid appropriately and as promised for the hours they have worked.

As an added protection, we educate migrant workers on their rights and provide them with the number to the Business Conduct Office's hotline. In total, the hotline received six calls from migrant workers in 2013, which were immediately addressed before the issues compromised the workers' rights.

In certain areas of the world, it's customary for contractors to pay workers for completing a task, regardless of how long it takes to finish the job. In such situations, we require business partners to record workers' hours to ensure they receive at least minimum wage. In Africa, we developed a template to help our business partners accurately track workers' time, task completion and pay.

## Protecting Children

Our Human Rights Policy prohibits any form of exploitative child labor. In situations where minors may legally be employed, we make sure that such employment does not interfere with the children's education or jeopardize their health and safety.

In Romania, one of our assessments uncovered minors working without proper documentation. While these workers were old enough to be legally employed, corrective measures were taken to meet Romania's documentation requirements.

In India, we continued to employ "social mobilizers" — women hired to ensure follow up on instances of child labor and meet with farmers, families, women's groups, school officials and local leaders to promote the benefits of sending children to school rather than work.

In 2013, our child labor monitoring program recorded only 0.3 percent child labor in our business partners' cotton fields in India. Of those children, 87 percent were enrolled in school and working outside school hours. Similarly, in our business partners' vegetable fields in India, only 0.03 percent of workers were children.

In Mexico, where child labor is quite common, seven of our locations were honored by the Mexican Labor Ministry in 2013 for having fields free of child labor.



## Promoting Inclusiveness

Our commitment to the elimination of discrimination is found in our Human Rights Policy, Equal Employment Opportunity Policy and Anti-Harassment Policy, all of which are supported by Monsanto's extensive internal training programs.

In Soda Springs, Idaho, we launched the Monsanto Apprenticeship Program to promote employment opportunities for women. The 55-week paid program gives women specialized mechanical and on-the-job training in preparation for full-time employment in a skilled mechanical labor position at Monsanto upon successful completion of the program.

We offer many employee resource networks across our global network to promote inclusiveness within the organization. These resource networks include:

### **Monsanto Asian Connection**

An affinity network focused on developing and leveraging the Asian cultures of employees within Monsanto through career development, networking and personal connections.

### **ENCOMPASS**

A resource group for our gay, lesbian, bisexual and transgender employees, their straight allies and members of all gender identities and gender expressions, irrespective of sexual orientation.

### **African Americans in Monsanto**

Works to continuously develop African American employees in support of Monsanto's goals and objectives.

### **Monsanto Latin Network**

Creates development opportunities for its members by fostering leadership, leveraging and raising the awareness of Latin diversity, and creating a sense of community.

### **Monsanto Young Professionals**

Provides young professionals with opportunities to connect with peers and management, explore Monsanto's global business, gain leadership experience and give back to the community.

### **Monsanto St. Louis Women's Network**

Focuses on leadership development, mentoring and building relationships within the organization.

### **The Family Network**

Enhances our efforts to create an environment where contributions at work are balanced with employees' fulfillment of personal and family responsibilities.

### **VANGUARD (Veterans and National Guardsmen)**

Assists in attracting, developing and retaining talented employees who have a military background.

### **The Access Network**

Supports Monsanto employees, employee family members and Monsanto customers with visible and non-obvious disabilities through awareness, improved access to facilities, opportunities and resources.



Our dedication to diversity has been widely recognized:

- DiversityInc Top Company for Global Cultural Competence – Global
- DiversityInc Top 50 Companies for Diversity (42nd) – United States
- HR Campaign Corporate Equality Index (100% score) – United States
- Minority Engineer Top 50 Employers (44th) – United States
- National Association of Female Executives Top 50 Companies for Executive Women (36th) – United States
- Paraquad AccessibleSTL Shine the Light Award – United States
- Software Technology Parks of India in conjunction with the Indian state of Karnataka, Highest Percentage of Differently-abled Manpower Employer in Information Technology – India
- Workforce Diversity for Engineering & IT Professionals Top 50 employers (20th) – United States

## ENVIRONMENT



Our planet faces some serious challenges – from climate change, to extreme weather to limited resources – all of which can affect global food security. And Monsanto is finding ways to help deal with some of those challenges by helping farmers use fewer resources. At our own facilities, we are using sustainable practices to reduce our carbon output and our irrigation water footprint. But we're not experts in all areas, so we partner with numerous stakeholders and technical experts, including nonprofit organizations, academic institutions and government agencies to help find solutions to some of the world's serious problems.

One important way we advanced our commitment to the environmental principles of the UNGC since our last Communication on Progress was by becoming a signatory to the United Nations CEO Water Mandate. This landmark program calls upon companies and other organizations to work together to develop strategies and solutions to the emerging global water crisis. Water impacts virtually every aspect of crop production, and our efforts to conserve and protect it are part of our overall approach to help the world's farmers – our customers – produce more, conserve more and improve lives.

## Principle 7

**Support a precautionary approach to environmental challenges.**

## Principle 8

**Undertake initiatives to promote greater environmental responsibility.**

## Principle 9

**Encourage the development and diffusion of environmentally friendly technologies.**

## Innovating with Precaution

A precautionary approach is built into what we do, from our research and development, including product evaluation and support, to the practices and processes we use in our operations. Recognizing the importance of transparency and sharing to help advance safety and an informed discussion, our scientists publish scientific information in peer-reviewed literature and actively participate in technical forums and meetings where experts exchange state-of-the-art information on risk assessment. Many of these technical publications present information used in the evaluation of the safety of our biotech products.

Through our Life Cycle Stewardship Activities Management Process, we ensure the safety and integrity of our products and processes from gene discovery and plant development through seed production, marketing and distribution. We work within the industry-leading Excellence Through Stewardship (ETS) program, established by the Biotechnology Industry Organization. This program includes third-party audits of our stewardship programs and quality management systems. In 2013, our ETS certification expanded to include our operations in two additional countries, bringing the total to seven: Argentina, Brazil, Canada, Chile, India, Mexico and the United States. More information about our commitment to maintaining product safety is available on our website at [www.monsanto.com/products/Pages/safety-technical-information.aspx](http://www.monsanto.com/products/Pages/safety-technical-information.aspx).

New goals for irrigation water efficiency and nitrogen efficiency were recently introduced by Monsanto, in part, to anticipate and help mitigate present and future risks associated with freshwater scarcity and greenhouse gas emissions. Beyond our own operations, our products and technologies help farmers grow more crops using fewer resources and have less impact on the environment, now and for generations to come.

We're also conducting research into key pollinators, such as honeybees, and the iconic species, Monarch butterflies. Populations of both are being impacted by farming and land management practices (see below).

## Improving Operations

Much of the world's farmland relies on some level of irrigation to assist in growing crops. Our people work to support the efficient use of fresh water in our day-to-day operations. We have recently committed to improve irrigated water-use efficiency throughout our production operations by 25 percent by 2020. This goal encompasses owned, leased and contracted land used to produce seeds for core crops and vegetables. Not only will this bring our overall irrigation water-use efficiency to approximately 90 percent for our operations, but we hope that it inspires others and sets an example for the industry.

Around the world, our operations are already taking decisive actions to conserve water. In Hawaii, for example, our Piilani Farm on Maui uses nonpotable recycled water for all landscaping irrigation, toilet water and agricultural irrigation (see [Monsanto Hawaii](#), for more information). In Brazil, we're reducing water consumption by tens of millions of gallons per year through the optimization of our reverse osmosis system and reusing rainwater. In Indonesia, we've realized a 77 percent water savings by safely reusing process water. For more examples and information, see pages 15–21 of our [Spring Sustainability Progress Report](#).



As part of our membership in World Business Council for Sustainable Development (WBCSD), Monsanto recently became the world's first agriculture company to sign onto the WBCSD WASH Pledge. The WASH Pledge formalizes our commitment to provide all employees in all locations under company control with access to safe water, sanitation and hygiene. We plan to share our process for fulfilling the pledge to help other companies and make an even bigger impact. Read more about our WASH Pledge on pages 21–23 of our [Spring Sustainability Progress Report](#).

Building an internal culture that embraces sustainable agriculture is essential to reaching our environmental goals. To that end, in 2013, we introduced two initiatives to help educate and inspire Monsanto employees:

### **Business Ecosystems Training**

This capacity-building program, developed and made freely-available by WBCSD, is designed to increase the knowledge and understanding of the links between ecosystems and business. One of the goals of this training is to give employees the opportunity to better integrate [Monsanto's sustainability vision](#) into their jobs and daily lives.

### **Monsanto Sustainability Champions Team**

This international cross-functional team advocates for sustainability within Monsanto and empowers employees to make a difference through education, initiatives and community engagement.

## **Helping Farmers**

Developing environmentally responsible solutions that assist farmers in producing more crops with less land, water, energy and other resources is one of our fundamental commitments. Monsanto recently pledged to continue to innovate and advance seeds with improved traits and precision management tools that enable farmers to use nutrients more efficiently and curb greenhouse gas emissions on one million acres in the United States by 2020.

According to the International Service for the Acquisition of Agri-biotech Applications (ISAAA), improved seed products have already had a significant positive impact on the environment. From 1992-2012, farmers reduced pesticide use by 497 million kilograms by adopting seed with enhanced pest and weed management technology. In 2012 alone, farmers reduced CO<sub>2</sub> emissions by 26.7 billion kilograms by using less insecticide. That's the equivalent of taking 11.8 million cars off the road for a year.

We have broadly licensed our patented products, including both biotechnology traits and improved conventional materials, to hundreds of companies globally. This practice has brought environmentally friendly technologies to farmers around the world. The ISAAA reports that in 2013, a record 18 million farmers grew biotech crops in 27 countries; more than 90 percent of those were small farmers in developing regions.

As a solutions provider for the world's farmers, our business goes well beyond seed production. We provide farmers with products that improve agricultural efficiency as well as data and precision management tools that help them grow more crops, while reducing their impact on the environment.



Our 2013 acquisition of The Climate Corporation is a prime example of how Monsanto is supporting growers, by offering them novel options in the way they manage their operations. The Climate Corporation platform provides farmers with access to more information about the many factors that affect the success of their crops. With hyper-local weather monitoring, agronomic data modeling, and high-resolution weather simulations, farmers can make decisions highly customized to their fields and use water and nutrients more precisely and sparingly.

Monsanto also promotes a proactive, diversified approach for managing weeds and continues to promote the proper stewardship of our insect-protected technologies through ongoing Integrated Pest Management (IPM) and educational efforts.



## Working Collaboratively

There is no one answer to helping ensure that people around the globe have enough food to eat — now and in the decades to come. Monsanto is committed to working with others to tackle the environmental challenges associated with growing crops and making that knowledge widely accessible to farmers worldwide. From funding research to working on the ground with nongovernmental organizations and governments alike, Monsanto participates in a wide range of initiatives.

### **Soil Health Partnership**

To study farming practices that improve soil health as well as farmers' livelihoods, Monsanto partnered with the Walton Family Foundation and others to help the [National Corn Growers Association](#) launch the Soil Health Partnership. This initiative aims to measure and communicate the economic and environmental benefits of different soil management strategies and provide data-driven recommendations that farmers can use to improve the productivity and sustainability of their farms. In addition, working with Agricultural Technology Innovation Partnership Foundation (ATIP), Monsanto and six other organizations founded the Resilient Economic Agricultural Practices (REAP) public-private partnership. For more information on Monsanto's efforts to improve the state of knowledge on soil health, see page 7 of our [Spring Sustainability Progress Report](#).

### **The Nature Conservancy (TNC)**

We are engaging in partnerships with TNC focused on supporting farmers and protecting water quality. These include the Soil Health Partnership and the [Great Rivers Partnership](#), among others. Through our joint participation in the nonprofit Keystone [Field to Market Alliance](#), we are promoting sustainable practices across the entire food chain, from the farm gate to the grocery store. We're also working with TNC to better understand how climate change impacts agriculture in Tanzania and how precision methods for fertilizing and watering crops and managing weeds and pests affects soil conservation and water management in Brazil.

### **Conservation International**

Through our "Produce and Conserve" partnership with Conservation International, we're helping to protect and restore forests in Brazil, which are being threatened as the country increases agricultural production. A unique aspect of this partnership is demonstrating to farmers the economic value of maintaining a portion of their land as forest in compliance with Brazilian law. Plans are underway to take what we learn in Brazil and apply it to Indonesia, another area traditionally rich in biodiversity (mega-biodiversity) that is facing rapid deforestation.

### **Water Efficient Maize for Africa (WEMA)**

Maize is the most widely grown staple crop in Africa – more than 300 million Africans depend on it as their main food source. Its production is severely affected by drought and pests, which can lead to unpredictable and low yields, and at worst, complete crop failure. WEMA is a public/private partnership, led by the Kenyan-based [African Agricultural Technology Foundation \(AATF\)](#) and funded by the [Bill and Melinda Gates Foundation](#), [Howard G. Buffett Foundation](#), and [USAID](#). It was created with a goal to enhance food security in Sub-Saharan Africa through developing and deploying drought-tolerant maize royalty-free to the small farmers. Insect-protection is complementary to the efforts of developing more drought-tolerant maize varieties and will also be available royalty-free.



### **Honeybee Health Coalition**

Honeybees are critical to agricultural sustainability, food security, biodiversity and the overall health of our shared ecosystem. However, in recent years, there has been a decline in honeybee health. In October 2013, Monsanto announced the Honeybee Health Coalition at the [Clinton Global Initiative](#) (CGI) annual meeting. This Coalition comprises individuals and organizations active in honeybee health, including key stakeholders from the beekeeping communities, agriculture industry, academics, government agencies and NGOs.

### **Monarch Butterfly Habitat Restoration**

In recent years, there has been a decline in the Monarch butterfly migration in the central United States. Monsanto is actively working with conservation groups, agronomists, weed scientists, crop associations, farmers and leading researchers to help rebuild monarch habitat along the migration path and develop practical ways for farmers to support healthy Monarch habitats, while simultaneously making farmland more productive.

## **FIGHTING CORRUPTION**

Maintaining the trust of our employees, customers, investors and other stakeholders depends on a strong culture of integrity. At Monsanto, we have zero tolerance for corrupt behavior and have instituted policies and processes to prevent, uncover and, when necessary, correct it. In 2013, we invested significant resources to uphold our commitment to the UNGC's stance on corruption.

### **Principle 10**

**Businesses should work against corruption in all its forms, including extortion and bribery.**

Our Human Rights Policy, Code of Business Conduct and standalone anticorruption policy explicitly prohibit corrupt behavior, and we adhere to all anticorruption laws in the countries where we do business. Of course, policies and codes are only as good as the systems in place to ensure compliance with them. In 2013, we undertook two major initiatives to better understand and improve how our systems are working.

## Third-Party Audit

Monsanto engaged an independent third party to conduct a comprehensive audit of our anticorruption compliance program. The audit concluded that our program is effective and that Monsanto has established a strong tone of compliance, starting with the Board of Directors and permeating throughout the organization. Of particular note was our robust anticorruption training for all levels of at-risk employees, our annual Safety and Ethics Awards program and our proprietary Global Anticorruption Protocols.

Moreover, the audit revealed that Monsanto excels in maintaining appropriate, centralized oversight and control of the compliance program while vesting compliance responsibility and functions with personnel at the regional and country level. During the audit, regional personnel reported frequent and uninhibited communication with Monsanto's Business Conduct Office (BCO) outside of regularly scheduled meetings.

## Automated Due Diligence Reporting System

As a growing company, Monsanto is constantly looking for ways to work more efficiently and effectively. Maintaining compliance with our Code of Business Conduct and anticorruption policy is no exception. In 2013, we contracted with a third-party vendor to provide a secure, web-based system for managing our compliance functions globally through a single portal. Not only has this new system enabled our personnel to be more efficient and productive, but it has improved the consistency of how we categorize, respond to and report critical data.

## Ongoing Efforts

Monsanto employees and contractors are required to keep accurate books and transaction records, maintain internal controls and report any requests from foreign government officials for payment. Anticorruption training is mandatory for 100 percent of employees with reasonable potential for exposure to bribe solicitation. The BCO conducts computer-based training with tracking systems that ensure training completion by all designated employees. Special accommodations are in place for those employees without access to computers.

We have multiple teams in place to help employees make ethical business decisions and comply with all local laws. Our Regional Working Groups are made up of regional senior leaders in commercial, finance and law, who consider and pre-approve employee interactions with foreign government officials. When investigations are undertaken, our Regional Core Response Teams address local allegations and assist with claims that have escalated to the BCO for oversight and guidance.

Monsanto has an open-door policy with all employees and business partners who have questions about how to manage difficult work situations or have concerns about business actions. In 2013, the BCO promptly addressed 266 inquiries. Of these, 160 were requests for guidance regarding compliance and business ethics and 106 were comments about employee work environments, proper stewardship of corporate assets and observed behaviors that might be inconsistent with our Code of Business Conduct.



A committee of senior leaders evaluates the results of each investigation and provides guidance for remediation, employee discipline and improved anticorruption protocols. These findings are then sent directly to the Director of Business Conduct as well as the Audit & Finance and Sustainability & Corporate Responsibility committees of the Board of Directors. Actions requiring disclosure to a governing authority are prepared in cooperation with outside expert counsel and properly reported with detailed commitments for correcting the issue.

We remain transparent about the causes we support and accurately report all lobbying activity where required. Employees who meet with elected officials receive interactive training designed to apply company compliance policy to specific situations employees face in our day-to-day business environments. This training helps employees understand which activities are acceptable and how to properly record those activities.

