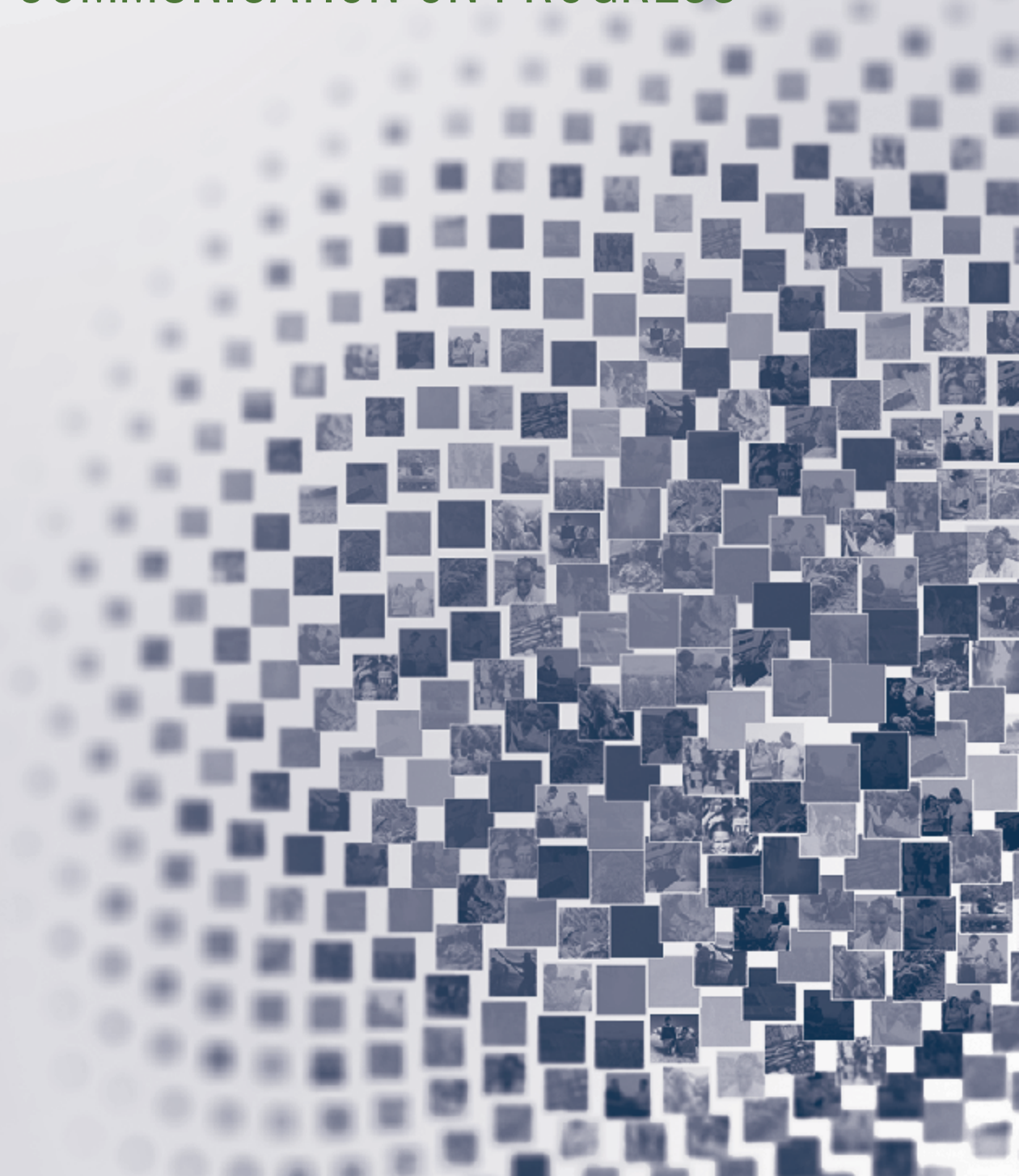


MONSANTO 2012

# UNITED NATIONS GLOBAL COMPACT

## COMMUNICATION ON PROGRESS



# OUR COMMUNICATION ON PROGRESS

In 2009, Monsanto became a member of the UN Global Compact, the world's largest sustainability and corporate citizenship initiative. The Global Compact is comprised of more than 10,000 participants, including over 7,000 businesses in 145 countries around the world.



## 2012 Communication on Progress

Monsanto remains committed to aligning its operations with the Compact's Principles in the areas of human rights, labor, environment and anti-corruption. We maintain our commitment to making the Global Compact and its principles part of the strategy, culture and day-to-day operations of our company.

Through the Global Compact, our people are also committed to engaging in collaborative projects that advance the broader development goals of the United Nations, particularly the Millennium Development Goals.

The UN Global Compact asks companies to embrace, support and enact, within their sphere of influence, a set of core values that relate to the Global Compact Principles. These are Monsanto's actions and our results.



## Principle 1

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

Monsanto adopted a human rights policy in April 2006, guided by the tenets of the Universal Declaration of Human Rights and the International Labor Organization's Declaration of the Fundamental Principles and Rights at Work. Implementation of this policy continued through 2012 at our sites and with our business partners.

In 2012, we focused on training newly hired employees and a number of security contractors. The new hires numbered 3,123, of which 99 percent completed the overview training. We also trained close to 170 contract security employees, focusing this training in higher risk countries.



## Principle 2

### **Make sure that they are not complicit in human rights abuses.**

In 2012, we continued to include human rights compliance clauses in the direct contracts we signed with seed production business partners. We experienced 80 percent growth in the number of business partners in the Asia Pacific region and India, where we contract with smallholder farmers to produce our seeds for resale. Through communication, training and assessment activity efforts, our Human Rights Policy reached a broadened audience with a potentially wider impact.

We train our business partners on our Policy and how to comply, on a rotating schedule with emphasis in the higher risk countries. In 2012, we trained over 34,000 growers in person.

Through the ongoing assessment process of business partners, we chose to discontinue contracting with 174 of them after 2012. In India, 171 were discontinued for having child labor in their fields, and in Malawi, three were discontinued for non-payment of workers' wages.

## Principle 3

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

We continue to enjoy good labor relations with all of our employee representatives.

The 2012 union activity in Chile resulted in a new collective bargaining agreement that benefited all of our seasonal workers, though only a small number of the workers actually belong to the union. Learn more about these efforts in our 2012 Sustainability Report chapter on Communities.

## Principle 4

**The elimination of all forms of forced and compulsory labour.**

Audits of labor and management practices are conducted routinely at our facilities and those of our business partners to ensure compliance with Monsanto's Policy. Additionally, we actively strive to identify situations that require intervention and remediation. These audits are designed to ensure compliance with our policy and all local legal requirements.

In the United States, we continue to operate as the payroll agent for many of our small farm labor contractors to ensure that the workers are compensated correctly.

In certain areas, independent third-party auditors conduct the verification process that ensures our business partners do not engage in forced or compulsory labor. In 2012, we implemented a mid-season grower payment in select regions to address concerns that certain growers could not pay workers until after the harvest was sold. In addition, through our commitment to continuous improvement, we corrected isolated incidents of growers holding workers' documents and compulsory overtime when found.



## Principle 5

### **The effective abolition of child labour.**

Based on the standards articulated in the International Labor Organization (ILO) Convention, our human rights policy prohibits any form of exploitative child labor. In those situations where minors may legally be employed, we act to assure that such employment does not interfere with the children's educational opportunities and will not expose young workers to situations that are likely to jeopardize their health or safety.

Our strategic program in India to eliminate child labor continues to record well under one half of one percent child labor. In 2012, we fine-tuned our successful monitoring program in India through the addition of "Social Mobilizers." The women hired under this program traveled the villages in their assigned areas meeting with farmers, women's groups, government, school officials, and village elders, to raise awareness of the benefits of sending children to school rather than to work. In addition, they tracked child workers found in our business partners' fields through our monitoring program to make sure they returned to school and stayed there.

The child labor monitoring program in our business partners' vegetable fields in India also recorded well under one half of one percent child labor. See the 2012 Sustainability Report, pages 132–137, for more information on our efforts against child labor.

## Principle 6

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

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

Our dedication to diversity has been widely recognized:

- Ranked 42<sup>nd</sup> on the 2013 DiversityInc Top 50 Companies for Diversity List and 2<sup>nd</sup> on Top Companies for Global Diversity.
- A 2013 rank of 44<sup>th</sup> on the 22<sup>nd</sup> Annual "Top 50 Employers" in *Minority Engineer* Magazine.
- Named one of the National Association for Female Executives (NAFE) Top 50 Companies for Executive Women for 2013.
- Monsanto scored 100 percent on the Human Rights Campaign 2013 Corporate Equality Index (CEI).
- The World Headquarters Site provided disability etiquette training and several other disability initiatives, including one with customer farmers.
- MSP (Multi-Season Program) site in San Juan de Abajo, Mexico, received an award for inclusive behavior from the Mexican Labor Department.

## Principle 7

### **Businesses should support a precautionary approach to environmental challenges.**

Monsanto uses a comprehensive, scientifically based risk assessment approach to product evaluation and complies with all applicable laws and regulations when obtaining approvals for products. Environmental safety data packages must meet the rigorous requirements of regulatory authorities around the world.

Product stewardship related to the safety of our technologies occurs throughout the product life cycle from product concept to product discontinuation. We have established a Life Cycle Stewardship Activities Management Process (LCStAMP) that guides and tracks the management of its life cycle stewardship activities. It facilitates consistency and compliance, leverages best practices, fosters proactive stewardship planning and provides for stewardship verification and continuous improvement. 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)

Our scientists actively participate in technical forums and meetings where experts exchange state-of-the-art information on risk assessment. For example, see [www.isbgmo.com/conference-program.html](http://www.isbgmo.com/conference-program.html). Insights from these meetings are integrated into our rigorous evaluation processes for our products.

We support activities related to the conservation and sustainable use of plant genetic resources for food and agriculture. An example is the valuable germplasm for two crop species we contributed to the USDA and North Carolina State University. Monsanto donated a collection of cabbage germplasm, valued at \$1.125M to the gene bank at the North Carolina State University. Additionally, Monsanto transferred a collection of approximately 2,000 inbreds of radish valued at \$200,000 to the Plant Genetics Resource Unit of USDA. As such, this valuable collection of genetic resources will be protected and freely available for breeding in order to meet future environmental challenges.

We support collaborative and constructive engagement across the industry through associations like CropLife International, to advance best practices for sustainable agriculture and environmental protection related to biotechnology and crop protection products. Manuals and guidelines produced through CropLife International efforts cover topics like integrated weed/pest management and insect resistance management.



## Principle 8

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

We are committed to developing environmentally responsible products that help farmers produce more food and feed using less land, water and other resources, including energy. The company's products and biotech traits licensed to other companies have enabled farmers around the world to reduce their greenhouse gas emissions, pesticide use, and energy costs and prevent soil lost to erosion. Most recently, a report from PG Economics found that farmers adopting biotech crops with traits for improved pest and weed management apply less insecticide and herbicide active ingredients compared to traditional cropping systems, which has reduced pesticide spraying by 474 million kg over the period 1996-2011. Monsanto's biotechnology-derived products have contributed to the expansion of conservation tillage systems that in 2011 alone helped reduce CO<sub>2</sub> emissions in agriculture by 23 billion kg, equivalent to removing 10.2 million cars from the road for a year. For more information, visit [www.bio.org/media/press-release/use-biotech-crops-increases-farmer-profits-and-environmental-sustainability](http://www.bio.org/media/press-release/use-biotech-crops-increases-farmer-profits-and-environmental-sustainability).

We are also committed to increasing operational efficiencies in energy consumption, emissions and raw material, including fresh water consumption from Crop Protection sites. Since 2000, steady progress has been made and reported on this front. See pages 87–93 of the 2012 Sustainability Report for more information. The company is also a leader in habitat protection and restoration associated with its facilities globally. See pages 99, 100 and 120 of the 2012 Sustainability Report for more information.

Monsanto promotes a proactive, diversified approach for managing weeds in agricultural systems as a more sustainable approach for avoiding the emergence of herbicide resistant weeds. As certain weeds resistant to glyphosate have developed, Monsanto experts have worked closely with public sector weed scientists, the Weed Science Society of America, and the Herbicide Resistance Action Committee of CropLife America to provide growers with best practices for weed management. This includes recommendations for use of other herbicides (with different and complementary modes of action) in combination with glyphosate in their integrated weed management systems, even where instances of weed resistance to glyphosate have not been found.

Monsanto has always promoted the proper stewardship of its insect-protected technologies through ongoing Insect Resistant Management (IRM) efforts. Along with a continued focus on comprehensive IRM education, the routine monitoring of pest populations and the active investigation of claims of insect resistance, Monsanto has strengthened its IRM efforts by:

- Developing a more aggressive and efficient product performance inquiry response program with corresponding Best Management Practices recommendations to address issues in areas of extreme pest density (for more information, see [monsanto.mediaroom.com/2012-corn-rootworm-pressure-recommendations](http://monsanto.mediaroom.com/2012-corn-rootworm-pressure-recommendations)).
- Initiating and funding a \$3M research program to enable independent research toward more effective corn rootworm management in the US Corn Belt (see [monsanto.mediaroom.com/2013-02-25-Monsanto-Corn-Rootworm-Knowledge-Research-Program-Announces-Grants](http://monsanto.mediaroom.com/2013-02-25-Monsanto-Corn-Rootworm-Knowledge-Research-Program-Announces-Grants)).
- Developing novel deployment systems for IRM which remove the compliance burden from growers (i.e. seed mix refuges: see [monsanto.mediaroom.com/genuity-corn-trait-products-deliver-results](http://monsanto.mediaroom.com/genuity-corn-trait-products-deliver-results)).
- Creating, through an active research pipeline, next-generation technologies with more robust IRM profiles requiring simpler IRM deployment strategies (see the following sites for descriptions of future insect traits in R&D [www.monsanto.com/products/Pages/corn-pipeline.aspx](http://www.monsanto.com/products/Pages/corn-pipeline.aspx); [www.monsanto.com/products/Pages/cotton-pipeline.aspx](http://www.monsanto.com/products/Pages/cotton-pipeline.aspx); [www.monsanto.com/products/Pages/soybean-pipeline.aspx](http://www.monsanto.com/products/Pages/soybean-pipeline.aspx)).
- Monsanto also operates within the Excellence Through Stewardship program, an industry-leading product stewardship program sponsored by the Biotech Industry Organization. This program includes third party audits of the company's stewardship programs and quality management systems. Monsanto's U.S. region was recertified in 2012. Information regarding the Excellence Through Stewardship program can be found at [www.excellencethroughstewardship.org](http://www.excellencethroughstewardship.org).

## Principle 9

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

Monsanto engages in the development of technologies that are environmentally superior to products currently available to growers. In 2012, according to the International Service for the Acquisition of Agri-biotech Applications (ISAAA), a total of 28 countries planted biotech crops, including 20 developing nations. In total, 17.3 million farmers grew biotech crops and 90 percent were small farmers in developing nations. For the first time, seeds with multiple GM traits were planted on more than 25 percent of the hectares across 12 different countries.

We have broadly licensed our patented biotech and seed traits globally to hundreds of companies. This practice has facilitated diffusion of environmentally friendly technologies to farmers around the world.

We are actively working through public-private partnerships to expand the reach and availability of our environmentally friendly technologies into developing countries. As a partner with the African Agricultural Technology Foundation and the International Maize and Wheat Improvement Center we are supporting the development of water-efficient maize in five African countries, which is targeting the first conventional drought-tolerant hybrid maize to be licensed for commercialization in 2013 [www.aatf-africa.org/userfiles/wema1-brief.pdf](http://www.aatf-africa.org/userfiles/wema1-brief.pdf).

This project is funded by the Bill and Melinda Gates Foundation, the Howard G. Buffet Foundation and United States Agency for International Development (USAID) with “in-kind” contributions from Monsanto. For more information, please visit [www.monsanto.com/improvingagriculture/Pages/water-efficient-maize-for-africa.aspx](http://www.monsanto.com/improvingagriculture/Pages/water-efficient-maize-for-africa.aspx).

As a member of the Keystone Alliance for Sustainable Agriculture, we are working with others toward a vision of championing “solutions for tomorrow’s safe, accessible and nutritious food, fiber and fuel in thriving ecosystems.” Through this alliance and our commitment to work across the industry, we are bringing tools and resources to growers to help them farm more sustainably ([www.fieldtomarket.org/alliance](http://www.fieldtomarket.org/alliance)).

Beginning in 2010, the Biotechnology Industry Organization (BIO), the American Seed Trade Association (ASTA) and their members, including Monsanto, worked to develop a private contractual mechanism for a smooth transition to a post-patent or generic marketplace, named The Accord. The Accord describes the rights and obligations of the parties to the Accord to access the generic biotech event and the regulatory data supporting that event to enable commercialization of seed products containing off-patent biotechnology inventions. Additionally, it assures that international regulatory and stewardship responsibilities will be maintained by those parties. The Accord consists of two agreements: The Generic Event Marketability and Access Agreement (GEMAA) and the Data Use and Compensation Agreement (DUCA). Both of these are voluntary, but they are binding contracts among the signatories. For more information, visit [www.bio.org/media/press-release/bio-and-asta-welcome-continued-support-accord](http://www.bio.org/media/press-release/bio-and-asta-welcome-continued-support-accord).

## Principle 10

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

Monsanto has zero tolerance for corrupt behavior. As a global organization, we are subject to various anti-corruption laws around the world. Our employees and contractors are required to keep accurate and complete books and transaction records, maintain internal controls, and they are prohibited from making payments to, or engaging in transactions with, government officials to improperly influence the performance of their official duties.



Maintaining a strong culture of integrity in a dynamic corporate environment requires consistent review and insight. Monsanto drives accountability for compliance to the operational level through Regional Working Groups (RWGs). These RWGs include the senior-most commercial lead, finance lead and law lead to assure business prioritization. RWGs consider and pre-approve employee interactions with foreign government officials. Regional Core Response Teams address local allegations and assist with claims which have been escalated to the Business Conduct Office (BCO) for oversight and guidance during investigations. This approach drives accountability deep into business operations so that all employees understand that they are responsible for ethical decisions and compliance. During 2012, the BCO promptly addressed more than 250 inquiries and assisted regional efforts in dozens of local matters across 37 different issue categories to assure proper management and remediation. These inquiries can be as simple as requests for advice about whether or not to accept a specific gift from a supplier and as complicated as how to program a new system to manage data in compliance with international privacy laws. Inquiries often include comments about employee work environments and proper stewardship of corporate assets, as well as reporting of observed behaviors that might be inconsistent with our Code of Business Conduct or our company Pledge.

In 2012, we published an updated Code of Conduct in 30 different languages to reach virtually all employees. For more information, please visit [www.monsanto.com/whoweare/Pages/business-conduct.aspx](http://www.monsanto.com/whoweare/Pages/business-conduct.aspx).

Anti-corruption 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 assure training completion by all targeted employees. Special accommodations are in place for those employees without access to computers. Additional information can be found on [www.monsanto.com](http://www.monsanto.com) under “Who We Are” and “Our Commitments.”

Each year, we provide formal recognition for employees who demonstrate integrity in exceptional ways through the Safety and Ethics Awards.

The BCO actively promotes an open-door policy to all stakeholders who have questions about how to manage emerging business, personal, or workplace situations, or concerns about questionable actions which they, or others take. In 2012, the BCO received and formally responded to 155 requests for guidance on compliance and ethics topics. All inquiries and requests for guidance are documented and taken seriously. When appropriate, the BCO directs investigations of inquiries, including allegations of corruption, and considers the results of those investigations through a cross-function committee of senior leaders. These leaders evaluate the results of each investigation in a nameless, rankless review process to promote objective assessment. They then issue findings and guidance for remediation, employee discipline and reassessment of our internal controls. These matters are reported, in addition to the status, resolution and outcome, directly to the Audit & Finance and Sustainability & Corporate Responsibility committees of the Board of Directors by the Director of Business Conduct. Actions requiring disclosure to a governing authority are prepared in cooperation with outside expert counsel and properly reported along with detailed commitments for remediation. Internal Audit and the BCO issue independent reports to the Audit and Finance Committee.

Monsanto takes great care to ensure accurate and complete reporting of all lobbying activity where reporting is required. Employees who meet with elected officials receive training to understand which activities are acceptable and in strict compliance with relevant laws and how to properly record and report these activities.

To learn more about our communication on progress, visit the Monsanto 2012 Sustainability Report at [sustainability.monsanto.com](http://sustainability.monsanto.com)