WORK PLAN FOR PILOT PROJECT

Ensuring Minimum Wages in Field Production

PO3

Purpose: To ensure minimum wage payments to seed production workers on the Syngenta supplying farms as a step towards fair compensation.

Objective: To sensitize the stakeholders on minimum wage policy and adopt it in day-to-day production activities.

Outcome: All workers involved in de-tasseling in corn and hybridization in hot pepper seed production are paid as per the minimum wages policy of the local government.

Output: Generate experience in minimum wage implementation that can be applied to other crops in our seed production activities in India.

PROJECT SUMMARY

<table>
<thead>
<tr>
<th>Project Duration</th>
<th>12 months</th>
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</thead>
<tbody>
<tr>
<td>Crop</td>
<td>Corn</td>
</tr>
<tr>
<td>Production Process to be covered</td>
<td>De-tasseling (most labor intensive activity)</td>
</tr>
<tr>
<td>Project Starting Month</td>
<td>October 2016</td>
</tr>
<tr>
<td>Project Ending Month</td>
<td>May 2017</td>
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<tr>
<td>Locations</td>
<td>Andhra Pradesh</td>
</tr>
<tr>
<td>No. of villages covered</td>
<td>10-15 villages</td>
</tr>
<tr>
<td>No. of growers covered</td>
<td>100 percent (approx. 1,000-1,500 growers)</td>
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<tr>
<td>No. of workers covered</td>
<td>Approx. 2000 workers</td>
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INTRODUCTION

The issue of minimum wages in agriculture is complex in nature and challenging to address. In India, minimum wages vary significantly in different parts of the country and wage rates are purely determined by demand and supply of the farm workers. Although seed production only contributes to 5 percent of the total agriculture land usage in India, Syngenta faces similar challenges in our seeds production. For certain tasks workers are paid below minimum wage levels1.

Looking at the complexity of the issue, Syngenta, despite of the technical support from the Fair Labor Association (FLA), will not be able to address the issue unilaterally. This needs involvement of various stakeholders, like Industry pears, NGOs, CSOs and government to bring about real and sustainable

change. To debate this issue and to come up with practical solutions with the above stakeholders, Syngenta-FLA jointly organized a multi-stakeholder consultation in Hyderabad on January 19, 2016. Based on the recommendations to start activities on a pilot basis, Syngenta with a group of peer companies have agreed to move forward on two industry pilots.

As part of ensuring minimum wages in its supply chain, Syngenta has also initiated several steps internally for example

a. ensuring that minimum wages are taken into account in cost of production calculations
b. review of written contracts with organizers/growers,
c. timely payment of interest-free cash advances to growers, etc.

These steps are to ensure that Syngenta has responsible procurement practices and prepare foundations to the pilot project.

**STRATEGY**

To implement the pilot that will test the sustainability of minimum wage payments in the field, in the long run and across our entire business eventually, we have selected two crops (corn in field crops and hot pepper in vegetable) based on farm level data collected from internal and external (conducted by the FLA) labor standards monitoring.

**Why Corn?**

- The activity of corn de-tasseling is targeted due to the following reasons:
  o This activity is most labor intensive;
  o Direct payments are made to the workers who conduct corn de-tasseling by the seed organizer and therefore Syngenta can exhibit more control on compensation related terms and conditions;
  o Environment is conducive as major industry players involved in corn production have also decided to try similar pilot projects to implement minimum wages in their corn de-tasseling activities;
  o Corn in an important crop for the Indian hybrid seeds production industry;
  o Corn seed production is mainly carried out in one province in India - Andhra Pradesh – that will aid collective and focused intervention.

In corn, the de-tasseling activity is the responsibility of the seed production organizers and the growers do not engage workers for this activity. The organizers recruit the workers for this task and are in direct control of them. Syngenta calculates the cost of de-tasseling separately while preparing the CoP (Cost of Production) taking in consideration the legal minimum wage and this amount is paid to the organizers directly. The seed production organizers pay the wage to workers directly and it is easy to ensure fair payment as per the CoP and the local minimum wage. Seed production organizer has to maintain proper records of workers attendance, hours of work and wage payment.

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Why hot pepper?

The above-mentioned labor recruitment and wage payment method is not applicable to the vegetable seeds sector (that includes hot pepper) where in most of the labor is hired and compensated directly by the growers. Therefore, a pilot in the hot pepper sector will also help test the strategy in a different supply chain. Additional reasons are presented below:

- There is a need to balance between field crop and vegetable crops and pilot different strategies in different geographies and scenarios;
- All major production activities involving labor including nursery (seedlings raising unit under controlled climatic conditions), pollination, harvesting and seed extraction can be covered by the pilot (as compared to only de-tasseling in corn);
- Hot Pepper is a major and an important crop for Syngenta in India;
- Production area for hot pepper is compact and therefore it is relatively easy to implement and monitor;
- As some of Industry peers are also planning to implement minimum wages in nursery stage and it will create conducive environment in the field;
- A major hot pepper seed production location is in Maharashtra.

In hot pepper workers are hired by the growers and not directly by Syngenta/seed organizers as is the case in corn de-tasseling activity. It would therefore constitute a different learning in order to replicate it in other production locations (most of Syngenta India production is done through this model). As Syngenta does not have a direct control on the payments made to the workers, as growers will pay them and there is a need for stringent and frequent monitoring to ensure that minimum wages are passed to the workers.

De-tasseling is a major activity, involving most laborers. Other activity like harvesting - is paid on a piece-rate basis where the workers are able to earn minimum wages according to our internal monitoring data. Through this pilot, Syngenta will explore the payment of the minimum wages for the activities that are under the direct control of Syngenta. During the project and subsequently, the same efforts will be extended to other activities that are paid less than minimum wages (for e.g. In Andra Pradesh, for sowing and transplanting, weeding, pollination and harvesting the prevailing market wages are less than the minimum wages).

Through this project we wish to kick start the process, but this should be considered as a start and not the end. The pilot will also aid in Syngenta’s understanding and the steps to undertake to have similar efforts in the rest of the supply chain in India.
### IMPLEMENTATION PROCESS

| Step – 1: Establish an internal committee for the pilot | • Committee consisting of the field production leader, Syngenta Me & Mine representative, Procurement team, Legal, Corporate Affairs, Grower, FLA India representative, Seed Organizer and local government representative to be established.  
• The objective of the committee is to guide the implementation team and periodically review the progress of the project and provide guidelines for the further steps. |
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<tbody>
<tr>
<td>Step-2 Review of Procurement price calculations</td>
<td>• Review the internal procurement price calculations, Cost of production, what is paid and how the bottom lines will be effected if minimum wages are taking into account.</td>
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</tbody>
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| Step – 3: Creating Awareness and Building Capabilities | • Identify both internal and external resources and means to strengthen trainings to the target groups.  
• Build awareness and capacity of local stakeholders – company staff, seed organizers\(^3\), growers, workers (especially women) and CSOs – to ensure sustainable and long-term impact. In the case worker organizations and unions exist in the area of project locations, Syngenta is willing to collaborate with them to arrive to a sustainable solution.  
• Use of illustrative communication material and approaches – To deliver the message to the illiterate workers  
• Constant communication and alignment of activities with the local government labor department- to share the initiatives of the company and discuss a way forward  
• Collaborative approach with industry to have similar policy and practices in common sourcing locations. |
| Step – 4: Strengthen wage due diligence process through documentation | • Define clear roles and responsibilities of the stake holders and committee members in documentation part  
• Wage data tool and data collection guidance document that the FLA has developed (as part of the Fair Compensation Work plan) will be used. We will customize this tool as per the field requirement)  
• Maintain proper documentation at the farm level- by growers and verified by Syngenta internal monitors and external monitors (FLA) |
| Step – 5: Monitoring | • Syngenta internally will monitor 20 percent farms in corn and 100 percent farms in hot pepper.  
• There will be two monitoring visits during flowering.  
• Collection and management of the internal and external monitoring data. |
| Step – 6: End Project assessment | • Analysis of project data  
• Data from internal and external monitoring will be compared  
• Data will also be compared with the baseline data (from previous internal and external monitoring data)  
• Conclude the lesson learnt on the pilot |

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\(^3\) According to the procurement study some seed organizers do not have clear awareness about minimum wage legal requirements. Also the study pointed out that organizers has a role in timely disbursement of interest free cash advances to growers which support the growers in production. Keeping this in view specific activities are planned to create awareness among organizers about maintaining the documentation of cash advances and recovery. Learning and recommendations from the study will be incorporated into the specific training and capacity building plan.
| Step – 7: Reporting and Publishing | • Fine tune the gaps experienced during the implementation process  
| | • Draft the report for communication with the stakeholders  
| | • Organize a multilayered stakeholders consultation  
| | • Publish the results of pilot  
| | • Seek the suggestions for the next steps  
| | • Develop an updated action plan to expand the project to other crops/location |
**LOGICAL FRAME WORK:**

| Objective: | To sensitize the stakeholders on minimum wage policy and ensure its adoption at supplier farms |
| Purpose: | To ensure that seed production workers at the Syngenta suppliers farms are complying with the local legislation on minimum wage |
| Outputs: | All workers involved in de-tasseling in corn and entire activities in hot pepper are paid as per the local minimum wages policy |
| Outcome: | Generate experience in minimum wage implementation that can be applied to other crops in our seed production activities all over India |

<table>
<thead>
<tr>
<th>Activities</th>
<th>Indicators</th>
<th>Means of verifications</th>
<th>Inputs</th>
<th>Responsibility</th>
<th>Outcome</th>
<th>Duration</th>
</tr>
</thead>
<tbody>
<tr>
<td>Establish a committee for the pilot</td>
<td>Formation and announcement of committee</td>
<td>Records of minutes of meeting</td>
<td>Alignment with cross functional team</td>
<td>Project Leader and South Asia Field Production Manager (Field Crop &amp; Veg)</td>
<td>Understanding of challenges and decision of way forward</td>
<td>August 2016 to May 2017</td>
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<tr>
<td>Creating Awareness</td>
<td>• Identification of experts &lt;br&gt; • Training-of-Trainers to the implementing team &lt;br&gt; • Organization of awareness campaigns for workers</td>
<td>Training reports and periodic reports</td>
<td>Communication tools</td>
<td>Project Leader and respective Field Production Manager</td>
<td>Organizers agreed to follow and the workers are aware of minimum wage policy</td>
<td>August 2016 to Jan 2017</td>
</tr>
<tr>
<td>Strengthen wage due diligence process through documentation</td>
<td>Defining the roles and responsibilities of the stakeholders to maintain the records &lt;br&gt; Design the data collection tool</td>
<td>Worker Profile (Gender, Age, Type of work, Migratory status), Attendance &amp; wage payment records, Records of meetings</td>
<td>Formats and procedures supporting the initiative</td>
<td>Project Leader, Field Production Manager, Seed organizer and grower</td>
<td>Availability of clear documentation to establish compensation paid to the workers</td>
<td>September 2016 to May 2017</td>
</tr>
<tr>
<td>Monitoring</td>
<td>Availability of enough trained monitors</td>
<td>Updated monitoring reports</td>
<td>Monitoring tool</td>
<td>Project Leader, Field Production Manager and Seed organizer.</td>
<td>Reliable data is collected on pilot for further analysis</td>
<td>September 2016 to May 2017</td>
</tr>
<tr>
<td>End Project assessment</td>
<td>Data compilation and analysis</td>
<td>Data</td>
<td>Monitoring reports</td>
<td>Project Leader and Field production Manager</td>
<td>Assessment results on pilot will be available</td>
<td>April to May 2017</td>
</tr>
<tr>
<td>Reporting and Publishing</td>
<td>• Preparation final report of pilot project &lt;br&gt; • Share the reports with stakeholder &lt;br&gt; • Prepare the action plan and publish</td>
<td>Final report and action plan</td>
<td>Assessment result</td>
<td>Steering Committee</td>
<td>We will get the direction to work on minimum wage issue in field production</td>
<td>May 2017</td>
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