



## EXECUTIVE SUMMARY

# INDEPENDENT EXTERNAL MONITORING OF SYNGENTA'S SEED SUPPLY CHAIN IN INDONESIA -2019

## Introduction

The Fair Labor Association's (FLA) Principles of Fair Labor and Responsible Sourcing for the agriculture sector<sup>1</sup> require that the farms in the supply chains of each affiliated company are subject to FLA's annual Independent External Assessments (IEA). Syngenta Seeds has been affiliated with the FLA since 2008 and executes its Fair Labor Program (FLP) in its hybrid seeds supply chain globally<sup>2</sup>. The Fair Labor Program (FLP) assesses labor practices on farms against the Syngenta Code of Conduct<sup>3</sup>. As an affiliated company, Syngenta has committed to meet the FLA Workplace Code of Conduct for the agriculture sector<sup>4</sup> in its seeds supply chain globally and develop remediation plans for identified non-compliances.

Each year, FLA conducts about 20 field-level assessments<sup>5</sup> covering a larger number of farms in various countries for Syngenta<sup>6</sup>. For the 2019 assessment cycle, the FLA conducted one Independent External Monitoring (IEM) visit to assess working conditions at Syngenta's supplier farms in Indonesia during 2019. The assessment covered total area of 8.9 acres of farmland located in the Klolek, Tegalmas and Sukowono of Jember Regency in East Java of Indonesia.

A team of two FLA assessors<sup>7</sup> visited nine Syngenta farms from all regions, producing corn, and interviewed 64 workers who were involved in the harvesting activities. A diverse group including the elderly, women, and young people were among the workers interviewed. Syngenta does not directly recruit workers working on the farms, relying instead on the recruitment efforts by the grower leaders (also called seed organizer who manages the production work with a group of growers and may also organize work force for specific tasks. Seed Organizers could themselves be growers as well, and other growers (farmers whose land the work is being conducted), depending



<sup>1</sup> FLA's Principles of Fair Labor and Responsible Sourcing are closely aligned with the United Nations Guiding Principles on Business and Human Rights (UNGP) and the OECD-FAO Guideline for Multinational with Agricultural Supply Chains. FLA Principles are available here.

<sup>2</sup> [http://www.fairlabor.org/sites/default/files/agriculture\\_principles\\_of\\_fair\\_labor\\_and\\_responsible\\_sourcing\\_october\\_2015\\_0.pdf](http://www.fairlabor.org/sites/default/files/agriculture_principles_of_fair_labor_and_responsible_sourcing_october_2015_0.pdf)

<sup>3</sup> By 2019, Syngenta's Fair Labor Program covered 99.3 percent of all its seed supply farms globally, representing 29 of 33 seed-producing countries where Syngenta procured seeds from. Find more information here [Syngenta – Fair Labor Program](#)

<sup>4</sup> <https://syngenta.pid1-e1.investis.com/sites/syngenta/files/code-of-conduct/download-our-code-of-conduct/syn-cofc-english-2019-v1-lr.pdf>

<sup>5</sup> [https://www.fairlabor.org/sites/default/files/fla\\_agriculture\\_code\\_of\\_conduct\\_and\\_benchmarks\\_october\\_2015.pdf](https://www.fairlabor.org/sites/default/files/fla_agriculture_code_of_conduct_and_benchmarks_october_2015.pdf)

<sup>6</sup> FLA conducts five types of assessments depending on the maturity of a company's social compliance program in a given country and commodity. These include, 1) Baseline Mapping, 2) Independent External Monitoring (IEM), 3) Independent External Verification (IEV), 4) Focused Assessment, and 5) Social Impact Assessment (SIA).

<sup>7</sup> More FLA reports can be found here <https://www.fairlabor.org/affiliate/syngenta>

<sup>8</sup> <https://www.fairlabor.org/transparency/fla-accredited-monitoring-organizations>

on the crop and region.

In addition to the workers’ interviews, assessors evaluated Syngenta’s internal management systems (IMS), conducted documentation review, growers’ interviews, visual inspection and consulted with local civil society organizations.

### 2019 Assessment Cycle Findings

This report summarizes the FLA’s farm-level findings for its 2018 assessment cycle and Syngenta’s correction action plan (CAP) developed in response to the assessment. Gaps remain in the areas of age verification system, compensation, farm-level health and safety programs, worker awareness of workplace codes, and grievance systems.

SUMMARY OF FLA IEM FINDINGS	SUMMARY OF COMPANY COMMITMENTS (Corrective Action Plan )
<b>EMPLOYMENT RELATIONSHIP</b>	
<ul style="list-style-type: none"> <li>• Assessors found low level of awareness about the age verification system, compensation, health, safety, and environmental standards and grievance handling.</li> <li>▪ Awareness of code standards and disciplinary actions among growers and grower leaders was observed to be limited in all the regions.</li> <li>▪ A gap exists in the age verification process. No age proof records are maintained at the farm level.</li> </ul>	<ul style="list-style-type: none"> <li>▪ Syngenta will identify the seed organizers who are defaulters in not maintaining age proof records and find out the root cause of this noncompliance.</li> <li>▪ Syngenta will encourage seed organizers to have dialogue and meetings with the farmers and inform them about Syngenta expectations on age proof records and organize training seed organizers. Syngenta team will monitor this on a regular basis.</li> </ul>
<b>COMPENSATION</b>	
<ul style="list-style-type: none"> <li>• Assessors found that compensation was not as per the local legal regulations.</li> <li>• Workers were paid less than the local legal minimum wage. Workers are not aware of legal minimum wage.</li> </ul>	<ul style="list-style-type: none"> <li>• Syngenta plans to review the existing wage policies and bulletins of the government of Indonesia and conduct root cause analysis (considering the government wage rates, market prices, prevailing wage rates, inflation, etc.) and develop a one-page assessment paper.</li> <li>• Syngenta plans to engage with government officials and key experts in the field. A strategy to address this issue will be developed after consultation with a larger group of stakeholders.</li> </ul>

<b>GRIEVANCE PROCEDURES</b>	
<ul style="list-style-type: none"> <li>Assessors found some gaps in the grievance mechanism. Even though in some regions, a helpline exists, there is lack of confidentiality in the non-compliance reporting system. Furthermore, not a single call has been reported.</li> <li>There is no information or awareness conducted on the grievance channel and grievance procedures.</li> </ul>	<ul style="list-style-type: none"> <li>Syngenta will revise its existing policy on grievance handling. The policy will include procedures on non-compliance reporting mechanisms, non-retaliation against workers, etc.</li> <li>Syngenta will undertake trainings for personnel responsible for handling the helpline calls. In addition, Syngenta will add one more helpline number to the existing number.</li> <li>Syngenta will develop communication materials on FLA code, in the local language. These materials will include Syngenta's helpline numbers.</li> </ul>
<b>HEALTH, SAFETY AND ENVIRONMENT</b>	
<ul style="list-style-type: none"> <li>Assessors reported that farmers and workers are not aware of HSE requirements. Appropriate Personal Protective Equipment (PPE) is not used by workers. They have not received any proper training.</li> <li>Statutory guidelines related to the disposal of chemical waste and storage is not followed in the regions.</li> <li>MSDS (Material Safety Data Sheet) for the chemicals used in the farms is not available.</li> </ul>	<ul style="list-style-type: none"> <li>Syngenta has revised its HSE Management System, with comprehensive guidelines to maintain the highest HSE standards at the workplace. Syngenta team will assess the guidelines which are applicable for the field production by the end of second quarter 2020.</li> <li>Syngenta will develop the training modules for growers and grower leaders on its implementation to address the HSE issues. This will include detailed steps concerning documents and permits, workplace safety (like fire, evacuation, PPEs, chemical management etc.)</li> </ul>
<b>HARASSMENT AND ABUSE</b>	
<ul style="list-style-type: none"> <li>Assessors observed that there was lack of awareness on harassment and abuse.</li> </ul>	<ul style="list-style-type: none"> <li>A guideline on sexual harassment prevention at the workplace will be developed by Syngenta.</li> </ul>

	<ul style="list-style-type: none"> <li>• Syngenta staff will engage all the internal local staff members on training and awareness.</li> </ul>
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### Changes and Remediation Gaps in Syngenta Indonesia Seeds Supply Chain

The table below summarizes the progress noted in Syngenta’s supply chain following corrective action plans in 2018 assessment cycle and the recurring issues and remaining improvement areas identified in the 2019 assessment cycle.

Changes identified between the 2018 and 2019 assessment cycles	Areas where sustainable improvements are required
<b>CODE AWARENESS AND GRIEVANCE SYSTEM</b>	
There has been increase in awareness among growers and grower leaders on some aspects of child labor.	<p>There is limited of understanding of code standards among growers and grower leaders, especially relating to compensation, health, safety and environment and grievance handling.</p> <p>There is a need to strengthen the documentation and verification system and build awareness on systematic recording of the interventions.</p> <p>Grievance handling mechanisms needs improvement.</p>
<b>COMPENSATION</b>	
Non -payment of minimum wages remain a persistent issue. There is not much awareness on this aspect.	Syngenta needs to educate growers and seed organizers about compensation. Education and awareness campaigns are needed on the principle of payments of minimum wages as per the legal requirement.
<b>HEALTH, SAFETY AND ENVIRONMENT</b>	
Appropriate PPE is still not provided to workers and no training about the use of PPE and chemical management is imparted.	Farmers and seed organizers are not fully aware of Syngenta’s policies and procedures. As a result, the implementation of health and safety procedures are limited in the field.