

Bayer CropScience, November 25, 2007

Bayer CropScience' response to the report "Child bondage continues in Indian cotton supply chain" of Dr. Davuluri Venkateswarlu, September 2007

Source: www.indianet.nl/pdf/childbondagecotton.pdf

Bayer CropScience appreciates that Dr. Venkateswarlu has taken a closer look at the entire cotton seed production sector of India covering also the major local seed companies which dominate the market. Without the sincere commitment of these companies, there is no hope of any relevant change in the current child labor situation of the seed production sector in India. From that particular perspective, we welcome the new report as a step in the right direction.

With that being said, we regret that

- while contract cotton seed production of Bayer CropScience in 2006/07 accounted for less than 0.5 % of the total cotton seed production area in India, and
- while sample visits of Dr. Venkateswarlu to Bayer CropScience contract farms during his 09/2006 – 02/2007 survey accounted for hardly 2.5 % of total sample size, and
- while there were no concrete figures reported by Dr. Venkateswarlu which would clearly indicate the extent of child labor found, or rather not found, in the Bayer CropScience supply chain during his 09/2006 – 02/2007 survey,

Bayer CropScience features again prominently in the Executive Summary of his report as a company "*involved in this modern form of child slavery*".

This statement is wrong, misleading and completely unacceptable as it suggests the false notion that Bayer CropScience has a commercial interest in the deliberate abuse of children.

The truth is that Bayer CropScience has worked like no other company to abolish child labor in its newly acquired cotton seed supply chain in India ever since it first entered into the seed business in 2002. Therefore, the unfounded allegation of Bayer's involvement in "*modern (form of) child slavery*" has been personally experienced by many Indian colleagues as a slap in the face doing gross injustice to their dedication and the tremendous amounts of time, effort and expertise which they have invested to bring about remarkable change within the Bayer sphere of influence to an unfortunate reality and deep rooted phenomenon in India.

We would have appreciated if Dr. Venkateswarlu had for once acknowledged in an unambiguous fashion

- that neither Bayer CropScience nor its subsidiaries employ children;
- that Bayer CropScience is a socially responsible company which has fully accepted its leadership role in the fight against child labor in the Indian cotton seed sector;
- that Bayer CropScience is actively working to promote children's access to education also in India;
- that Bayer CropScience has successfully implemented the company's zero-tolerance-to-child-labor policy ensuring that it is being followed on a day-to-day basis;
- that for this purpose Bayer CropScience has developed a much acclaimed Child Care Program (CCP) in India;

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- that Bayer CropScience' CCP initiative is a professionalized and much improved follow-up version of the earlier Child Labor Elimination Program (CLEP) which had been developed jointly with NGOs under the leadership of Bayer CropScience and which had originally started under the umbrella of the former Association of Seed Industries in India (ASI);
- that Bayer CropScience, under its new CCP initiative, has established a unique and fully resourced in-house organization and a state-of-the-art Expert Management System which ensures professionalism, effectiveness and continual improvement of the company's child care efforts, originally designed to improve the situation of working children in the cotton seed supply chain of the company;
- that the Bayer CropScience CCP initiative has proven so successful that the company's Top Management has decided to use it, in full or in parts, as a model to address any potential child labor issues across the entire seed supply chain of the company in India;
- that Bayer CropScience is carefully look at the entire supply chain of its acquired seed business in India to address any potentially open child care related challenges in the most sustainable and effective way. Commensurate with the company's approach in cotton seed production, any potential action required in the future will be carried out in a highly professional and systematic fashion. The company has no intention of sacrificing sustainable solutions and a lasting success for quick results. However, there can be no doubt that Bayer CropScience will not turn a blind eye to suppliers who may not be willing to fully comply with our company no-child-labor policy including the contractual agreements to which they subscribed;
- that Bayer CropScience under its CCP initiative has started to extend professional training to external parties sharing its expertise to encourage others to emulate a successful concept.

After years of ongoing accusations, Bayer CropScience would finally appreciate if the India Committee of the Netherlands and the NGOs which have jointly commissioned the Child Bondage report of Dr. Venkateswarlu would recognize in their communication

- that Bayer CropScience is NOT a company to deliberately abuse children;
- that Bayer CropScience is a frontrunner in the protection of children's rights in the cotton seed sector of India;
- that Bayer CropScience has invested substantial resources for almost half a decade to find the best practical and most sustainable way of helping children to go to school and not to work;
- that Bayer CropScience was able to virtually eliminate the practice of child labor from cotton seed farms under direct production agreement with the company. This can be proven through convincing evidence and verified documentation;
- that Bayer CropScience alone is unable to solve the problem of child labor in the seed production sector of India as long as the vast majority of local companies keep following a different practice.

From that point of view, we would like to express our disappointment that the Child Bondage report has again missed an opportunity to send out a positive message to the seed production sector of India by acknowledging unambiguously the difference which a company can make in a challenging environment and a complex social context. That

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would have been a much needed encouragement to other seed companies to follow our example.

Regarding the validity of field data and the integrity of information, Bayer CropScience would welcome and encourage a greater level of transparency and objectivity in the data collection and evaluation process of studies which the NGOs appear to invariably commission to a single author. While we would encourage the NGOs to ensure the implementation of a methodology for collecting, evaluating and interpreting field data which is similarly stringent and systematic in nature as the one which we use under our CCP concept, any external verification of data or peer review of information prior to publication would add to the credibility of information and the clarity and value of a public dialogue. Otherwise, a lack of transparency, validity and objectivity of data will always stand in the way of arriving at a common understanding and interpretation of a highly complex social reality.

We therefore like to repeat our offer and explicitly welcome external stakeholders to visit our contract farms and inspect our supply chain. We encourage such visits under our policy and welcome third party monitoring as long as it is done in a transparent, fair and honest way and as long as potential findings are meticulously documented and factually substantiated.

We will ensure that any complaints about valid findings of child labor in our supply chain will be receiving immediate attention, diligent investigation and stringent follow-up.

Since the India Committee of the Netherlands, its associated NGOs and Bayer CropScience are all working in their respective ways and within their spheres of influence to protect the rights of children in India, we would appreciate and welcome a fair and open dialogue supported by fair and open action.