



2013

FAIR LABOR ASSOCIATION INDEPENDENT EXTERNAL MONITORING AGRICULTURAL REPORT

COMPANY: Syngenta

COUNTRY: Hungary

PROVINCE: Tiszaföldvár-Fabiansebestyen-Murony-Bekes

MONITOR: Andrea Gereoff, FLA

AUDIT DATE: July 4 – 5, 2013

PRODUCTS: Sunflower Seeds

NUMBER OF WORKERS: 32

NUMBER OF WORKERS INTERVIEWED: 12

NUMBER OF FARMS VISITED: 3

TOTAL AREA COVERED IN AUDIT: 115 Ha

PROCESSES: Off-type Picking, Hoeing

Noncompliance Overview and Table of Contents

| 1. Code Awareness | | | Table of Contents |
|-------------------|--|------------------------------|-------------------|
| GEN 1 | Establish and articulate clear, written workplace standards. Formally convey those standards to Company Growers as well as to supply chain Organizers. | | |
| GEN 2 | Ensure that all Company growers as well as supply chain Organizers inform their workers about the workplace standards orally and through the posting of standards in a prominent place (in the local languages spoken by workers) and undertake other efforts to educate workers about the standards on a regular basis. | Noncompliance | 6 |
| GEN 3 | Develop a secure communications channel, in a manner appropriate to the culture and situation, to enable Company employees, Supervisors and employees of supply chain organizers to report to the Company on noncompliance with the workplace standards, with security that they shall not be punished or prejudiced for doing so. | Uncorroborated Noncompliance | 7 |
| | Other (Company Internal Grievance Policy and Procedures) | | |
| 2. Forced Labor | | | |
| F.1 | General Compliance Forced Labor | | |
| F.2 | Freedom in Employment | | |
| F.3 | Employment Terms/Voluntary Agreement | Noncompliance | 8 |
| F.4 | Employment Terms/Prohibitions | | |
| F.5 | Debt/Bonded Labor | | |
| F.6 | Wage Advances | | |
| F.7 | Free Disposal of Wages/Cash and In-Kind Compensation | | |
| F.8 | Recruitment through Referrals | | |
| F.9 | Freedom of Movement | | |
| F.10 | Grower-Controlled Living Quarters | | |
| F.11 | Worker Ability to Terminate-Freedom of Movement | | |
| F.12 | Individual Contracts (Verbal / Written) | | |
| F.13 | Personal Worker Identification and Other Documents | | |
| F.14 | Bonded Labor | | |
| | Others | | |

| 3. Child Labor | | | |
|------------------------|---|------------------------------|--------------------|
| CL.1 | General Compliance Child Labor | | |
| CL.2 | Child Labor | | |
| CL.3 | Proof of Age Documentation | Uncorroborated Noncompliance | 9 |
| CL.4 | Other Means of Age Verification | | |
| CL.5 | Government Permits and Parental Consent Documentation | Noncompliance | 10 |
| CL.6 | Employment of Young Workers | | |
| CL.7 | Hazardous Work for Young Workers | | |
| CL.8 | Education of Young Workers | | |
| CL.9 | Children on Premises | | |
| CL.10 | Removal and Rehabilitation of Child Laborers | | |
| | Others | | |
| 4. Harassment or Abuse | | | |
| H&A.1 | General Compliance Harassment and Abuse | | |
| H&A.2 | Discipline/Fair and Non-discriminatory Application | | |
| H&A.3 | Discipline/Worker Awareness | Noncompliance | 11 |
| H&A.4 | Discipline/Training | Noncompliance | 12 |
| H&A.5 | Discipline/Monetary Fines and Penalties | | |
| H&A.6 | Discipline/Access to Facilities | | |
| H&A.7 | Discipline/Physical Abuse | | |
| H&A.8 | Discipline/ Verbal Abuse | | |
| H&A.9 | Violence/Harassment/Abuse | | |
| H&A.10 | Sexual Harassment | | |
| H&A.11 | Punishment of Abusive Workers/Others | | |
| H&A.12 | Grievance Procedure | Noncompliance | 13 |
| | Others | | |

| 5. Non-Discrimination | | | |
|-----------------------|---|-------------------------------------|------------------|
| D.1 | General Compliance Non-Discrimination | | |
| D.2 | Employment Decisions | | |
| D.3 | Sex-Based Wage Discrimination | | |
| D.4 | Marital Status or Pregnancy | Uncorroborated Noncompliance | <u>14</u> |
| D.5 | Protection and Accommodation of Pregnant Workers and New Mothers | | |
| D.6 | Health Status | | |
| D.7 | Discriminatory Violence/Harassment/Abuse | | |
| | Others | | |
| 6. Health and Safety | | | |
| H&S.1 | General Compliance Health and Safety | | |
| H&S.2 | Document Maintenance/Worker Accessibility and Awareness | | |
| H&S.3 | Written Health and Safety Policy | | |
| H&S.4 | Health and Safety Management System | | |
| H&S.5 | Communication to Workers | | |
| H&S.6 | Access to Safety Equipment and First Aid | | |
| H&S.7 | Personal Protective Equipment | Noncompliance | <u>15</u> |
| H&S.8 | Chemical Management and Training | Noncompliance | <u>16</u> |
| H&S.9 | Chemical Management for Pregnant Women, Young Workers and Family Members residing in the farm | | |
| H&S.10 | Protection Reproductive Health | | |
| H&S.11 | Machinery Maintenance and Worker Training | | |
| H&S.12 | Medical Facilities | Uncorroborated Noncompliance | <u>17</u> |
| H&S.13 | Drinking Water | | |
| H&S.14 | Rest Areas | Noncompliance | <u>18</u> |
| H&S.15 | Living Quarters | | |
| | Others | | |

| 7. Freedom of Association and Collective Bargaining | | | |
|---|--|------------------------------|--------------------|
| FOA.1 | General Compliance Freedom of Association | | |
| FOA.2 | Right to Freely Associate | | |
| FOA.3 | Grower Interference and Control | | |
| FOA.4 | Anti-Union Violence/Harassment/Abuse | | |
| FOA.5 | Right to Collective Bargaining/Unorganized Workers | | |
| | Others | | |
| 8. Hours of Work | | | |
| HOW.1 | General Compliance Hours of Work | Uncorroborated Noncompliance | 19 |
| HOW.2 | Rest Day | Uncorroborated Noncompliance | 20 |
| HOW.3 | Meal and Rest Breaks | | |
| HOW.4 | Overtime | | |
| HOW.5 | Over Time/Positive Incentives | | |
| HOW.6 | Public Holidays | | |
| | Others | | |
| 9. Wages, Benefits and Overtime Compensation | | | |
| WBOT.1 | General Compliance Wages, Benefits and Overtime Compensation | | |
| WBOT.2 | Minimum Wage | | |
| WBOT.3 | Timely Payment of Wages | Uncorroborated Noncompliance | 21 |
| WBOT.4 | In-kind Compensation | | |
| WBOT.5 | Advance Payments | | |
| WBOT.6 | Worker Wage Awareness | | |
| WBOT.7 | Record Maintenance | Noncompliance | 22 |
| WBOT.8 | Employer Provided Services | | |
| WBOT.9 | Additional Benefits | | |
| | Others | | |

Code Awareness:

GEN 2 Ensure that all company growers as well as seed organizers inform their workers about the workplace standards orally and through the posting of standards in a prominent place (in the local languages spoken by workers) and undertake other efforts to educate workers about the standards on a regular basis.

Noncompliance

| | |
|----------------------------|--|
| Explanation: | <p>No efforts have been undertaken in order to educate workers on FLA's Code of Conduct (COC). While growers have received an extensive brochure on FLA's COC, giving a more practical training/leaflet out in local situations might be more effective.</p> <p><u>Sources:</u> worker interviews, training records, farm walkthrough</p> |
| Plan Of Action: | <p>Regarding FLA's COC and Hungarian directives and laws, we give a short explanatory brochure to our partners. This brochure helps them: a) to understand FLA directives and b) apply the necessary standards to local situations and circumstances. Agromag, the seed organizer, organizes regular trainings for workers, growers, and production partners in order to educate them.</p> |
| Deadline Date: | |
| Action Taken: | |
| Plan Complete: | |
| Plan Complete Date: | |

Code Awareness:

GEN 3 Develop a secure communications channel, in a manner appropriate to the culture and situation, to enable company employees, supervisors, and employees of seed organizers to report to the company on noncompliance with the workplace standards, with security that they shall not be punished or prejudiced for doing so.

Uncorroborated Evidence of Noncompliance

Explanation: While a communication channel does exist (a hotline number developed by Syngenta), there is no awareness of its existence. Since sunflower farms are contracted through a seed contractor, they have not received sufficient information on this channel. Ways more appropriate to the local situation might be envisaged to give workers the opportunity for direct and secure communication.

Sources: worker interviews, farm walkthrough

Plan Of Action: Every seed production area has been provided with an information board, on which Syngenta's phone number and other communication channels are explained. Agromag, the seed organizer, makes a sustained effort to make sure workers are aware of these information boards.

**Deadline
Date:**

**Action
Taken:**

**Plan
Complete:**

**Plan
Complete
Date:**

Forced Labor: Employment Terms/Voluntary Agreement

F.3 Employment terms shall be those to which the worker has voluntarily agreed, in as far as those terms do not fall below provisions of local laws, freely-negotiated and valid collective bargaining agreements, or the FLA Workplace Code of Conduct.

Noncompliance

Explanation: The registration sheets that are used do not have any information regarding the terms and conditions related to hours of work and wages, which lead to misunderstandings. In most cases, workers do not have a contract that shows that they work on the farm mentioned available on demand, but they do have a certificate. However, this certificate can only be taken at the end of the day. Moreover, in some cases, it was observed that not all workers are registered.

Sources: worker interviews, registration records

Plan Of Action: We get our producing partner's attention to the need to prepare working contracts with employees in order to settle employment terms (working hours, working days in a month, rest days, payment, etc.). We provide examples of standard contracts. We vigorously ask our partners to hire their employees only through working contracts and to strictly observe both laws and other rules. In cases where a subcontractor hires workers, it is the producing farmer's responsibility to warn the subcontractor of the above.

We prepare documents, such as registration sheets, training material, and internal monitoring tools for our producing partners. Additionally, internal monitoring is done every week.

Deadline Date:

Action Taken:

Plan Complete:

Plan Complete Date:

Child Labor: Proof of Age Documentation

CL3 Company will assist the grower in maintaining proof of age documentation for all young workers on the farm and is recommended to maintain proof of age documentation for all workers on the farm, including long term and casual workers.

Noncompliance

Explanation: When workers are not registered, there is no proof of age available.

Plan Of Action: In Hungarian seed production, only workers registered with the Labor Office and older than 15 (with consent from parents in writing) can be employed. In each case, they have to be identified through an identification check. In cases where a subcontractor hires workers, it is the producing farmer's responsibility to warn the subcontractor of the requirements above. Additionally, internal monitoring is done every week.

Deadline Date:

Action Taken:

Plan Complete:

Plan Complete Date:

Child Labor: Government Permits and Parental Consent Documentation

CL.5 Growers shall abide by all the relevant rules and procedures where the law requires government permits or permission from parents as a condition of employment.

Noncompliance

Explanation: No documentation is kept related to the parental consent of young workers.

Plan Of Action: In cases in which workers are not yet 16 years old, they have to bring written permission from their parents to the employer. The same process occurs if it is a subcontractor who organizes the work. At the beginning of the season, we post the working rules on the farms.

Deadline Date:

Action Taken:

Plan Complete:

Plan Complete Date:

Harassment or Abuse: Discipline/Worker Awareness

H&A.3 Grower will follow disciplinary practices that are fair and are clearly understood by the workers. The grower will take necessary steps to ensure that the farm's disciplinary procedure is clearly understood by the workers.

Noncompliance

Explanation: There is no disciplinary system in place or any related written documents.

Sources: worker interview, documentation review, farm walkthrough

Plan Of Action: We give a brochure to all partners about the rules, etc. Additionally, we issue standard working rules to our producing partners that contain:

- a) the start and end time of daily work;
- b) rest time and lunch time;
- c) expectations in connection with the quality of work.

**Deadline
Date:**

**Action
Taken:**

**Plan
Complete:**

**Plan
Complete
Date:**

Harassment or Abuse: Discipline/Training

H&A.4 Grower/Organizer/Company will provide training on appropriate disciplinary practices to persons who supervise the workers.

Noncompliance

Explanation: There is no disciplinary system in place and no related written documents.

Sources: worker interviews, documentation review, farm walkthrough

Plan Of We issue standard working rules to our producing partners that contain:

Action:

- a) the start and end time of daily work;
- b) rest time and lunch time;
- c) expectations in connection with the quality of work.

Deadline

Date:

Action

Taken:

Plan

Complete:

Plan

Complete

Date:

Harassment or Abuse: Grievance Procedure

H&A.12 Company shall have in place grievance procedures that first allows an attempt to settle grievances directly between the worker and the grower, but where this is inappropriate or has failed, it is possible for the worker to have the grievance considered at one or more steps, depending on the nature of the grievance and the structure and size of the enterprise. Company shall ensure that workers know the grievance procedures and applicable rules.

Noncompliance

Explanation: Syngenta Hungary has a toll-free number in place. However, none of the workers are aware of the number or its purposes.

Sources: worker and grower interviews; documentation review; farm walkthrough

Plan Of Action: Every seed production area has been provided with an information board, on which Syngenta's phone number and communication channels are explained.

Deadline Date:

Action Taken:

Plan Complete:

Plan Complete Date:



Non-Discrimination: Marital Status or Pregnancy

D.4 Growers shall not discriminate on the basis of marital status. Growers shall not threaten female workers with dismissal or any other employment decision that negatively affects their employment status in order to prevent them from becoming pregnant or getting married.

Uncorroborated Evidence of Noncompliance

Explanation: Workers have no awareness that pregnant women should also be allowed to work.

Sources: worker interviews, farm walkthrough

Plan Of Action: We get our producing partners' attention in writing that employees cannot be discriminated against due to pregnancy or marital status. This is also included on the warning boards.

**Deadline
Date:**

**Action
Taken:**

**Plan
Complete:**

**Plan
Complete
Date:**

Health and Safety: Personal Protective Equipment

H&S.7 All necessary personal protective equipment (PPE), such as gloves, eye protection, respiratory protection, etc., should be made available to relevant workers to prevent unsafe exposure (such as inhalation or contact with solvent vapors, dust, etc.) to health and safety hazards.

Noncompliance

Explanation: As the company provides no protective equipment, workers bring their own equipment.

Sources: worker interviews, farm walkthrough

Plan Of Action: We get our producing partners' attention in writing that they are to provide their workers with PPE. Similar to last year, this year we sent labor safety packs to our partners, which included the items below:

- a) straw hats to protect workers from the sun;
- b) calcium for allergic reactions;
- c) a first aid pack for minor injuries.

**Deadline
Date:**

**Action
Taken:**

**Plan
Complete:**

**Plan
Complete
Date:**

Health and Safety: Chemical Management and Training

H&S.8 All chemicals and hazardous substances, farm produce, and raw materials should be properly labeled and stored. The grower shall not use any banned (either by national or international laws) pesticides fertilizers, or any other agro chemicals in the farm. The grower shall ensure safe disposal of waste chemicals or empty containers of chemicals or packing materials. The grower/organizer/company will provide the necessary training to the worker with regard to handling of agro chemicals (pesticides, fertilizers, and other hazardous substances), their application and the use of personal protective equipment.

Noncompliance

Explanation: Leftover chemicals are not always locked away, as the space made for this purpose is too small for some of the bottles; therefore, there are not always suitable storage areas for all chemicals.

Sources: grower interviews, farm walkthrough

Plan Of Action: We get our partners' attention in writing so that they keep chemicals, leftover chemicals, and chemical wrappers in closed areas and specific storage that suits the related requirements.

Deadline Date:

Action Taken:

Plan Complete:

Plan Complete Date:

Health and Safety: Medical Facilities

H&S.12 Medical facilities shall be established and maintained as required by applicable laws. In case of no local law, the company should ensure that the growers could approach them in case of medial emergencies and have the local medical officer's contact address available to the growers and workers. In the case of a medical emergency, e.g. injury or sudden illness, employers will not unreasonably delay allowing a worker to have access to medical treatment.

Uncorroborated Evidence of Noncompliance

Explanation: A car may not always be available in the field to take workers to a doctor in case of emergency.

Sources: worker interviews, farm walkthrough

Plan Of Action: We get our partners' attention in writing that they either have to provide a vehicle in the field to take workers to the doctor or an approachable road for emergencies in cases of accident or illness. There is a board in the field that shows the phone number of the nearest doctor.

**Deadline
Date:**

**Action
Taken:**

**Plan
Complete:**

**Plan
Complete
Date:**

Health and Safety: Rest Areas

H&S.14 Growers shall make provisions for an adequate rest area for workers to use in case there is extreme weather, they need protection from animals, and there is a health emergency.

Noncompliance

Explanation: There is no rest area in the fields.

Plan Of Action: We get our partners' attention in writing that they are to provide shadowy-resting place in the field (a windy tent protecting against the sun). In cases where the partner is not available to do that, Agromag and Syngenta will provide it together.

Deadline Date:

Action Taken:

Plan Complete:

Plan Complete Date:

Hours of Work: General Compliance

HOW.1 Growers shall comply with all local laws, regulations, and procedures concerning hours of work, public holidays, and leave.

Uncorroborated Evidence of Noncompliance

Explanation:

In some cases, there is: a) a fee for daily work and b) no prior agreement on the hours that will be worked; subsequently, this might lead to noncompliances related to hours of work limit.

Sources: worker interviews, farm walkthrough

**Plan Of
Action:**

We get our partners' attention in writing that they are to define the daily working hours in work contracts; document the hours accordingly; and be in accordance with the law related to working hours.

**Deadline
Date:**

**Action
Taken:**

**Plan
Complete:**

**Plan
Complete
Date:**

Hours of Work: Rest Day

HOW.2 Workers shall be entitled to at least one day off in every seven-day period. In case workers have to work for several days without a day off due to the requirement of the production cycle, they can do so as far as they voluntarily agree to it.

Uncorroborated Evidence of Noncompliance

Explanation: In some cases, where workers come to work via a labor contractor and work on different farms, their rest day options are limited.

Sources: worker interviews, farm walkthrough

Plan Of Action: We get our partners' attention in writing that they are to: a) follow rest days as per legal requirements and b) document them.

**Deadline
Date:**

**Action
Taken:**

**Plan
Complete:**

**Plan
Complete
Date:**

Wages, Benefits and Overtime Compensation: Timely Payment of Wages

WBOT.3 All wages, including overtime compensation shall be paid within legally defined time limits. When law does not define time limits, compensation shall be paid at least once a month or as agreed between the worker and the grower.

Uncorroborated Evidence of Noncompliance

Explanation: The records on payment schedules are limited; therefore, it is difficult to assess whether workers are paid on time or not.

Sources: worker and grower interviews; record review

Plan Of Action: We get our partners' attention in writing that they are to document: a) the payment of wages, b) the method, date, and amount of wages, and c) the related working period, and that they are to be verifiable. We will send standard settlements as a sample upon request.

Deadline Date:

Action Taken:

Plan Complete:

Plan Complete Date:

Wages, Benefits and Overtime Compensation: Record Maintenance

WBOT.7 Company shall make efforts to educate and assist the growers in maintaining records of wages provided to the worker in cash or in-kind or both, and such records shall be acknowledge by the worker.

Noncompliance

Explanation: There is no record system in place.

Sources: worker and grower interviews; record review

Plan Of Action: We get our partners' attention that they are to document contributions, both in kind and pecuniary payment, accurately.

**Deadline
Date:**

**Action
Taken:**

**Plan
Complete:**

**Plan
Complete
Date:**