

# Glaring Contradictions between Appearance and Reality

Syngenta's Corporate Responsibility  
Report

Berne Declaration  
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## Authors:

**Daniel Wäger**, CSR-expert, doctoral candidate at Lausanne University; [d.waeger@gmx.ch](mailto:d.waeger@gmx.ch)  
**François Meienberg**, Berne Declaration, [food@evb.ch](mailto:food@evb.ch)

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Editor: Oliver Classen (EvB)  
Layout: Georg Christen (EvB)



Syngenta's Corporate Responsibility Report 2007

## Berne Declaration

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The Berne Declaration (BD) is an independent organization specializing in questions of development and financed for the most part by members and donors. BD is committed to global justice and addresses issues like:

- Corporate Social Responsibility (CSR)
- Economic relations and trade policy
- Financial markets and banks
- Agriculture, biodiversity and intellectual property
- Textile industry (Clean Clothes Campaign)

### What we do

We seek to influence the debate on issues of development policy in Switzerland, inform the public about inequitable relations between South and North and intervene with international institutions of finance and economics. As a partner in a worldwide network of organizations for human rights, development and the environment we are committed to a globalization that respects justice and humanity. For more information go to [www.evb.ch](http://www.evb.ch)

Berne Declaration, Dienerstrasse 12, Postbox, CH-8026 Zürich, Switzerland  
Phone +41 44 2 777 000; Fax +41 44 2 777 001;  
[info@evb.ch](mailto:info@evb.ch)

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# 1 Summary

Syngenta's CSR report does not stand up under close scrutiny. At the most basic level, our criticism concerns the fact that much of the information regarding some very controversial topics is unreliable and cannot be verified, as no sources are provided; that many assumptions are not supported by evidence; and that references cannot be traced back to their source. Many statements are ambiguous and leave ample room for interpretation. Core CSR-aspects like Syngenta's tax strategy are never mentioned at all. Even the fact that the report was evaluated by an accounting firm hardly inspires confidence because the evaluation covers only one part of the report selected by Syngenta. Whether that part is even relevant and whether important topics were omitted altogether is never established.

Many parts of the CSR report are very unbalanced and one-sided, critical aspects are mostly omitted or mentioned only in the most irrelevant of contexts, while the amount of space devoted to trifles verges on the ridiculous.

Moreover, Syngenta employs some highly questionable computing methods that make the company look much better than the actual numbers would suggest. Many of Syngenta's estimates cannot be verified because the assumptions on which they are based are

not disclosed. Also, the company often uses absolute numbers, even though percentages would facilitate comparisons between Syngenta's performance and that of other companies.

Syngenta also dispenses with concrete, quantifiable targets and time periods that would make the company's corporate responsibility measurable and verifiable. The report ends with an eight page spread dedicated to „Goals and Progress“ but only for two of 26 indicators does Syngenta commit to clearly quantifiable and terminable information. All other indicators remain generic and vague. Such unambitious targeting raises doubts about the seriousness of the company's long-term CSR-planning. In fact, it appears that Syngenta sees no real need to live up to its increasing social responsibility.

As a result, Syngenta's 2007 CSR report feels more like a PR-brochure designed to present longstanding practices in a better, i.e. more socially and environmentally favorable light. No wonder the widely accepted principles of the Global Reporting Initiative are never mentioned, let alone implemented. Signs of self-criticism and designs for improvement are few and far between. With this CSR report Syngenta has missed an opportunity to restore the confidence of civil society in its wide-ranging operations.

## 2 Introduction

When companies start talking about Corporate Social Responsibility (CSR) they mostly do so in the hope of winning back lost legitimacy and credibility. Syngenta, a leading producer of pesticides and genetically modified seeds and a frequent target of civil society indignation and media criticism is no different in this respect.

Having followed Syngenta's activities since the company's emergence from a merger in 2000 the Berne Declaration carefully studied their recent CSR report for 2007. Two main questions were of particular interest to us:

- How does Syngenta talk about its responsibility as a corporation and
- what does the company actually report on?

Regarding the „how“, a chapter entitled „Syngenta's CSR report – a Matter of Faith“ is of particular interest. It centers on the question of standards or criteria used by Syngenta in preparing this CSR report. The „what“ is discussed in subsequent chapters. Most interesting here is what Syngenta leaves unsaid, i.e. the topics it avoids and the facts it withholds. Our analysis concludes with a comparison: how does Syngenta measure up to the requirements of the „Global Reporting Initiative“ (GRI) supported by the BD.

## 3 Syngenta's CSR Report – A Matter of Faith

By 2005, no less than 70% of the world's 250 largest corporations were preparing an annual CSR report<sup>1</sup> and their number is steadily growing. Recently this 'reporting fever' has been spreading among Swiss corporations as well. In 2006 and 2007, eight of the Swiss Market Index' top ten corporations published a CSR report, Syngenta among them.

Only, what to do with all these reports? As it is, one usually knows less after reading them than before. What is omitted from these reports often reveals just as much about a company as what is mentioned. Even Michael Porter of Harvard Business School, a leading authority on competitive strategy and truly no enemy of free enterprise, recently conceded as much<sup>2</sup>.

### 3.1 Principles for CSR reports – Global Reporting Initiative

Amid this rising flood of reports the call for uniform reporting guidelines has grown louder over the years. Only a uniform approach will clarify what companies are expected to report about and where they stand in comparison to their competitors. In recent years the Global Reporting Initiative (GRI) has emerged as the de facto standard in these matters.

The credibility enjoyed by the GRI owes much to the fact that its standards were not conceived in the ivory tower but negotiated and drawn up among various interested parties (corporations, NGOs, labor unions, auditors, academics). The GRI offers a whole range of indicators designed to measure and compare 'sustainability performance'. Even more important than these indicators, however, are the reporting principles for corporations that GRI developed. At present we are most interested in those principles, which have a direct bearing on the quality of CSR reports<sup>3</sup>:

- Balance: a CSR report should include positive and negative information about a company.

The space allotted to the various topics should reflect their relevance.

- Comparability: allowing information to be compared from year to year and between corporations.
- Accuracy: data should be precise and detailed and include information concerning the method used to compute them. Qualitative interpretations are accessible and based on additional information.
- Punctuality: information is current and comes with an indication as to when it will be updated and what goals the company hopes to achieve within what period.
- Clarity: no unnecessary detail. All information is understandable and traceable.
- Reliability: all information can be verified. Type and extent of external verification are indicated.

Today, more than 1500 companies worldwide work with GRI guidelines. Syngenta, once again, did not implement GRI in its 2007 CSR report, even though company officials promised at a stakeholder meeting back in 2004 that they would look into the possibility of implementing the standard in the future. Whatever happened to this plan is not known. The fact is that Syngenta's CSR reports remain untouched by GRI standards to this day – to the detriment of Syngenta's performance relative to the GRI quality principles listed above.

### 3.2 Rebuilding confidence one audit at a time

Even if Syngenta were to implement GRI guidelines at some point in the future, this does not mean that their CSR policy will be exemplary. For one thing, a good CSR report is no guarantee for a good CSR policy and, for another, GRI does not review compliance with its own principles. In other words: any company can claim to be in compliance with GRI guidelines without having to prove it. In any case, a person would have to be shockingly naïve to believe everything companies say about themselves in public. Too many companies in recent years have deliberately spread misleading information, duped the public, or simply told lies about themselves.

<sup>1</sup> We use CSR as a synonym of comparable terms like Corporate Responsibility (CR), Corporate Sustainability or Corporate Citizenship; until 2005 Syngenta published a CSR-report; the name was since changed to CR-report.

<sup>2</sup> Porter, Michael E. and Mark R. Kramer, "Strategy and Society", in Harvard Business Review, December 2006

<sup>3</sup> See: Global Reporting Initiative, "Sustainability Reporting Guidelines", 2006, pp. 13-17

Since Enron<sup>4</sup> cooked its books on a truly grand and unprecedented scale, many other companies have acquired a reputation for dubious business practices and incurred massive losses of confidence and credibility.

If there is a lesson for civil society in this development – this (once again) is it: trust is good, control is better. With regard to CSR reports this means: an independent third party needs to audit the report and pass an unbiased judgment. Syngenta is aware of that and, on the last page of their CSR report, we find once again an assurance report prepared by an accounting firm that claims to have evaluated the contents of the CSR report.

We are not reassured because we know that evaluation standards differ considerably. According to the assurance statement of the accounting firm contracted by Syngenta, the standard used in this case is the ISAE 3000, which is considerably less thorough than Syngenta would like us to believe:

- Scope of evaluation: the ISAE 3000 allows Syngenta to determine the scope of the evaluation<sup>5</sup>. As a result, the auditors focussed all their attention on the last part of the report that consists mostly of performance figures and statistics and excludes controversial issues. The interpretation of the contents of the first 21 pages of the report is left entirely up to Syngenta. The auditors did not evaluate the quality of the statements made in these pages.

- Focus of evaluation: under standard ISAE 3000 only the factual accuracy of the information contained in the report is evaluated. ISAE 3000 does not evaluate the relevance of this information nor whether important topics have been omitted.
- Assurance Level: standard ISAE 3000 has two assurance levels – adequate and limited<sup>6</sup> (limited being the less accurate of the two). Syngenta settled for limited level assurance, prompting the auditors to conclude their evaluation on a fairly technocratic note: „Based on our work described in this report, nothing has come to our attention that causes us to believe that the CR information based on the subject matter defined above does not give a fair picture of CR performance, in all material respects“<sup>7</sup>.

In other words, the significance of the assurance report is strictly limited. All we can really conclude is this: Syngenta was not caught lying in their CSR report. But we all know that “not lying” is not the same as telling the truth. Consequently, we should not be too surprised to find some hair-raising interpretations<sup>8</sup>, very sketchy reporting, and enough empty words to hide an entire company<sup>9</sup>. What it boils down to is this: do you trust Syngenta enough to believe their CSR report?

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<sup>4</sup> see: Sims, Ronald R. und Johannes Brinkmann, “Enron Ethcis” in Journal of Business Ethcis, 45, 5,

<sup>5</sup> see: International Standard on Assurance Engagements 3000

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<sup>6</sup> see: International Standard on Assurance Engagements 3000

<sup>7</sup> Syngenta Corporate Responsibility Report 2007, page 33

<sup>8</sup> On page 9 of the CR report „it is assumed“ that Syngenta has a positive CO<sub>2</sub>-balance! More on page 9.

<sup>9</sup> For more really empty words see a statement about Syngenta’s participation at an event of the World Economic Forum. More on page 9.

### 3.3 More credibility through alternative standards

If the ISAE 3000 is not good enough, what alternatives are there to increase the credibility and quality of an organization's CSR report?

1. The strongest alternative is a combination of ISAE 3000 and AccountAbility 1000 Assurance Standard (AA1000AS)<sup>10</sup>. This standard stresses not only the accuracy of the information provided but also its relevance and forces the auditor to make sure all relevant topics are addressed. Moreover the auditor is required to assess whether the company is dealing adequately with all aspects of its performance, understands the positions of its various stakeholders and is responsive to their views. AA1000AS is also compatible with GRI and thus definitely the most credible assurance standard available.

2. A weaker alternative might involve an amended version of ISAE 3000. If the assurance provider's mandate were extended to include an evaluation of the implementation of GRI guidelines, then a CSR report that passed muster would, by definition, qualify as a report of somewhat higher quality.

Apparently Syngenta has some wiggle room after all. But even if higher standards were applied, the vigilance of critical NGOs would still be needed. For one thing, the independence and objectivity of the assurance providers are also relative because they are paid by the company they evaluate. Enron's books were audited, too, but turned out to be cooked<sup>11</sup>. For another, the use of standards is always a matter of interpretation. In this situation, the assurance provider/accounting firm (hoping for future mandates) is in a delicate position with regard to its client.

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<sup>10</sup> Download from:  
<http://www.accountability21.net/publications.aspx?id=288>

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<sup>11</sup> See Sims, Ronald R. and Johannes Brinkmann, "Enron Ethics" in *Journal of Business Ethics* #45, May2003



## 4 Sustainable Agriculture?

An entire chapter of the report is devoted to „sustainable agriculture“, a highly elastic concept that Syngenta loves to stretch over its own activities. Since there is no generally accepted definition of “sustainable agriculture”, this too is just an empty word shell.

Syngenta claims to have supported 86 programs of “sustainable agriculture” in 2007 but lists only a handful. To judge from the sum total of 3.2 million US\$ (i.e. an average 37'000 US\$ per project) most of these activities must have been quite modest in scale. Although the combined expenditures for programs of “sustainable agriculture” add up to a mere 0.03% of the company’s revenue they are very prominently displayed in the CSR report.

### 4.1 Missing evidence and verifiability

Most claims in this chapter cannot be verified, as sources are missing or useless. Two examples among many: a Syngenta research project about the advantages of minimal tillage in Chinese rice crops is mentioned, but no sources are given. Under the heading “soil preparation” on ([www.paraquat.com](http://www.paraquat.com)) there is a case study about no till soil preparation for corn in China, but a link promising further information leads to a page that exists only in Chinese.

The Sagip-Lupa study is mentioned twice in the CSR report. Again, no sources are provided. The site of the paraquat information center (???) contains some very general information about the project but no scientific detail about the execution and evaluation of the study. Again, vital information concerning the study is withheld (full title, place of publication) and verification is impossible. The website of Syngenta Philippines features an article about a Gramoxone-Sagip-Lupa-Project. Again, the impression this creates is of a PR stunt for that notorious Syngenta product more than an account of a neutral and balanced study.

Even when the Berne Declaration contacted Syngenta to request the missing sources, the company could or would not reply.

### 4.2 The more Syngenta the better?

Syngenta In its CSR report, Syngenta lauds the intensification of agriculture and its own products as guarantors of global food needs and improving rural living standards. This view of industrialized agriculture stands in marked contrast to the latest report of the International Assessment of Agricultural Science and Technology for Development (IAASTD)<sup>12</sup>, produced by 400 scientists and researchers, 30 governments, and 30 NGOs under the auspices of the UN. ‘Requiring one fifth of yield reinvested in pesticides, fertilizer and machinery, conventional industrial agriculture has no future, UN-authors say’, ran the headline of the Zürich daily Tages-Anzeiger<sup>13</sup>, when the study was published. Syngenta will not be engaged in a serious critical discussion of industrialized agriculture (and especially biotechnology). This is evident not only from the current CSR report, but also from the fact that the company’s representatives walked out of the IAASTD-process when it became clear that their GMO-view would not prevail among the assembled scientists and in the final report<sup>14</sup>.

The following examples also show just how selectively Syngenta handles the chapter on sustainable agriculture: the company mentions a study sponsored by the Roundtable for Sustainable Palmoil but then omits the fact that the very same Roundtable participants (including all major palm oil producers) have decided to launch an urgent search for an alternative to Syngenta’s paraquat product<sup>15</sup>. Syngenta is still trying – wi-

<sup>12</sup> [www.agassessment.org](http://www.agassessment.org); seven (UN-) agencies co-sponsored this study: FAO, GEF, UNDP, UNEP, UNESCO, World Bank and WHO

<sup>13</sup> Tages-Anzeiger of March 11, 2008, page 8

<sup>14</sup> See Nature, Vol 451, January 17, 2008, p.223

<sup>15</sup> RSPO Principles and Criteria for Sustainable Palm Oil Production, October 2007, Criterion 4.6: Note: RSPO will urgently identify safe and cost effective alternatives to replace chemicals that are categorised as World Health Organisation Type 1A or 1B, or listed by the Stockholm or Rotterdam Conventions, and paraquat.  
[http://www.rspo.org/resource\\_centre/RSPO%20Principles%20&%20Criteria%20Document.pdf](http://www.rspo.org/resource_centre/RSPO%20Principles%20&%20Criteria%20Document.pdf)

thout apparent success – to reverse this decision<sup>16</sup>.

#### 4.3 Positive details are inflated – major problems omitted

Syngenta's reporting on 'water protection' is also very one-sided. Trivial activities like attending a workshop at the World Economic Forum are listed while not a word is said about the Syngenta pesticide Atrazine, which is a major groundwater contaminant in many countries. In Europe the product was banned a few years ago. In the US, some 40% of groundwater samples in rural areas and 75% of river samples contained traces of Atrazine<sup>17</sup>. Even in countries like Austria and Germany where the herbicide has been banned for several years, considerable concentrations of Atrazine and its decomposition products remain in the water<sup>18</sup>. It would be interesting to learn what Syngenta is doing to minimize the water pollution caused by its products and whether these prevention measures are successful or not. Unfortunately, one searches in vain for such information. The problem side, read the loss of biodiversity through excessive use of pesticides, is omitted from the chapter on biodiversity as well.

Throughout the entire chapter Syngenta keeps talking about the advantages of non-selective herbicides for a non-destructive soil preparation. The elephant in the room, of course, is Syngenta's very own paraquat, which is much more toxic (for humans) than other non-selective herbicides and thus represents probably the worst solution for this type of cultivation.

#### 4.4 Carbon footprint Syngenta-style

It is gratifying to hear that Syngenta has set clear targets for its own greenhouse gas emissions. However, the company resorts to a cheap trick to make its ambitious target – a 40% reduction by 2012 – a bit too easy to reach. With its decision to calculate greenhouse gas emissions relative to EBIT (earnings before interest and taxes), Syngenta managed to lower its emissions/EBIT by 27% in a single year. This method of calculation is highly questionable. Why should a company's environmental impact rating improve dramatically – with no change in greenhouse gas emissions – simply because its profits double (say, due to layoffs)? How would one assess target achievement if a company is losing money? It would clearly make more sense to calculate greenhouse gas emissions relative to gross income. With this method of calculation Syngenta would have improved its balance by 14% instead of 27% in the first year.

No facts whatsoever (nor even just well-founded assumptions for an estimate) support Syngenta's astonishing claim that its carbon footprint over the entire product cycle is positive. This bold proposition of Syngenta rests on the inclusion of agriculture's potential to absorb CO<sub>2</sub>. While this potential does indeed exist, there is no reason why its effects should be credited to Syngenta's carbon footprint. After all, it's not like agriculture would not exist without Syngenta products – agriculture absorbs CO<sub>2</sub> with or without Syngenta.

Syngenta and the Syngenta Foundation have also committed to invest 2.5 million US\$ in the World Bank's BioCarbon Fund over the next five years. Various NGOs<sup>19</sup> <sup>20</sup> have criticized this and other funds like it and the question remains if this investment really constitutes a meaningful contribution to the management of climate change.

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<sup>16</sup> With various petitionary letters to the bodies responsible for national implementation of criteria.

<sup>17</sup> Gilliom and others, 2006, *The Quality of Our Nation's Waters—Pesticides in the Nation's Streams and Ground Water, 1992–2001*: U.S. Geological Survey Circular 1291, 172 p;  
<http://pubs.usgs.gov/circ/2005/1291/pdf/circ1291.pdf>.

<sup>18</sup> See e.g.  
[http://stefan.schleicher.wifo.ac.at/down/diss/DISS\\_Sandner.pdf](http://stefan.schleicher.wifo.ac.at/down/diss/DISS_Sandner.pdf) or  
[http://www.global2000.at/pages/verunreinigtes\\_trinkwasser.htm](http://www.global2000.at/pages/verunreinigtes_trinkwasser.htm).

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<sup>19</sup> „World Bank: Climate Profiteer“, a report of the Institute for Policy Studies (IPS), [www.ips-dc.org](http://www.ips-dc.org), April 10, 2008

<sup>20</sup> World Bank's Climate Funds Will Undermine Global Climate Action. Celine Tan, Warwick, 2008.  
[http://www.twinside.org.sg/fnd\\_n.papers.htm](http://www.twinside.org.sg/fnd_n.papers.htm)

## 5 Products and Stewardship

It is beyond debate that the dangers posed by pesticides to people and the environment are best assessed with risk indicators. Among other things this includes an assessment of the acute and chronic risks to the health of users, the risks to fauna and microorganisms and the persistence in the soil. Pesticide manufacturers like Syngenta should make every effort to reduce the inherent risks of their products.

### 5.1 Risk reduction begins with product selection

In its CSR report Syngenta never addresses the inherent risks of its products and makes no effort to show whether they have grown or declined over the years. Information about new products tends to be generic and unverifiable. Progress is measured in terms of sales of new products and of non-selective herbicides. It is impossible to evaluate a company's social responsibility in terms of key figures like these. A new product does not necessarily represent a social or environmental improvement. This approach also tends to ignore a possible increase in the sale of outdated or harmful products.

Using the sales figures of non-selective herbicides as a CSR indicator is a (bad) joke indeed. The herbicides in question are glyphosate and paraquat (Gramoxone). Paraquat is notorious for its high toxicity, it is a danger to people and the environment and has been banned in many European countries (Switzerland among them) for years. Last year the European Union revoked its license for the product. Sri Lanka and Dole – the world's largest seller of fruit, vegetables, and cut flowers – both opted for a paraquat ban in 2007. Incredibly, Syngenta is still selling this product as a symbol of social progress in countries that have not yet banned it (mostly developing countries). In doing so, the company is making a mockery of thousands of paraquat poisoning victims<sup>21</sup>.

The company justifies the use of the key figure, sales of non-selective herbicides' by pointing out that the latter are used in conservation agriculture. But this is hardly enough to make the use of this indicator ap-

pear legitimate. For one thing, these products are also used for other purposes and, for another, Syngenta's paraquat (Gramoxone) is probably the single most controversial substance in 'conservation agriculture'. It may well be that the use of paraquat helped promote the introduction of conservation agriculture and no till farming in North America and Europe, but in the meantime paraquat has been almost totally supplanted in these cultivation systems by newer systemic herbicides, especially glyphosate. Conservation agriculture and no till farming get along just fine without paraquat<sup>22</sup>. In this case the use of the key figure might have to be inverted: the less paraquat the company sells, the more it may be said to be living up to its responsibility.

A substantial part of the chapter on „Products and Stewardship“ is dedicated to the issue of 'safe application'. The safe application of products is certainly important, but it is only the very last in a series of steps to protect users. As we pointed out earlier, what matters most is the design of products that carry very little risk in the first place. Only when this potential is exhausted, i.e. if an agricultural problem cannot be solved by means of a less risky method, is a focus on safe application justified. A major effort in the area of product stewardship does not qualify as a socially responsible activity if it is merely the result of a company's refusal to remove a dangerous product from the market. The mantra-like invocation of product stewardship throughout Syngenta's paraquat communication merely demonstrates that the company goes to great lengths to delay a modification of its product range.

### 5.2 Selective perception of inhouse studies

It is remarkable that Syngenta has conducted a major study<sup>23</sup> about the handling of pesti-

<sup>22</sup> See also: Lars Neumeister; Is Paraquat useful for the environment?:

[http://www.evb.ch/cm\\_data/Paraquat\\_no-till\\_e\\_final.pdf](http://www.evb.ch/cm_data/Paraquat_no-till_e_final.pdf)

<sup>23</sup> G.A. Matthews; Attitudes and behaviours regarding use of crop protection products—A survey of more than 8500 smallholders in 26 countries;

<http://www.sciencedirect.com/>

<sup>21</sup> See related studies listed at [www.paraquat.ch](http://www.paraquat.ch).

des. However, the one-sided presentation of the study's findings in the CSR report and the conclusions the company has drawn from it are fairly alarming. Syngenta describes the results of the study as "encouraging". Just what, you may ask, is so encouraging about the fact that after decades worth of training programs in countries like Bangladesh and the Philippines 90 percent of users still forgo even the most basic precautions (trousers, long-sleeved shirts, shoes) when they handle the pesticides? In China, another major market for Syngenta, less than a third of users meet minimum standards (and even in Europe the percentage is only between 45 and 75%). In many cases wearing trousers, shirt and shoes clearly falls short of the recommended requirements. In Europe and the US, workers who spray paraquat are required to wear gloves, safety goggles, and in many cases even respiratory protective equipment.

As the Syngenta study shows, not even in Europe such precautions are taken and in developing countries they are an absolute illusion. Certainly the fact that the required protective gear is often not available in certain countries is an important reason for this lack of protection. A report by the Berne Declaration<sup>24</sup> came to this conclusion a year ago but was rejected by the Syngenta general assembly in May 2007. Now Syngenta corroborates the findings with its own study.

The study also mentions accidents – mostly poisonings – caused by pesticides. But again, these findings are not communicated in Syngenta's CSR report because they are dramatic: in a single year, 19 % of pesticide users report having experienced a minor incident (self medication sufficient), 6% had to see a doctor, and 1% had to be hospitalized. It is hard to think of another product with these kinds of side-effects. Syngenta omits all this from its CSR report listing some findings that are only mildly worrisome instead<sup>25</sup>.

### 5.3 Preventing necessary measures

Syngenta also writes that „unsafe storage has in some cases led to accidental or deliberate abuse of pesticides. Syngenta teaches farmers how to safely store pesticides.“ What Syngenta fails to mention is that paraquat abuse alone (where Syngenta dominates the market) causes thousands of deaths every year. In South Korea alone the annual number of paraquat casualties is estimated at 800-1000<sup>26</sup>. In Sri Lanka an estimated 400-500 people die from paraquat each year<sup>27</sup>. The government of Sri Lanka decreed a ban for paraquat to be phased-in over three years. Remarkably, in their decision to ban the pesticide, the authorities of Sri Lanka actually mention the product changes introduced by Syngenta to make paraquat safer (including the addition of an emetic, foul odors, color and the recently hyped supplement of algae) only to declare that these modifications had changed very little and that the (oral) poisoning death rate was still above 50%, making further steps inevitable<sup>28</sup>. Again, none of this is mentioned in the CSR report. The company is fighting what appears mostly a losing battle against paraquat bans across the world<sup>29</sup> and thus becomes complicit in future poisonings wherever governments refrain from introducing this most effective of precautions or delay it.

In 2007, paraquat was also banned in the European Union. Syngenta writes: „The decision related to the re-registration procedure. At no stage did the CFI find that paraquat was inherently unsafe.“ This statement is misleading because the court did say, among other things, that a human health risk cannot be excluded when using paraquat. The registration of paraquat would clearly violate the requirement for the protection of human health. In other words, the European Court had no choice last July but to annul paraquat's registration.

<sup>24</sup> Barbara Dinham; Pesticide users at risk - Survey of availability of personal protective clothing when purchasing paraquat in China, Indonesia and Pakistan and failures to meet the standards of the Code of Conduct; [http://www.evb.ch/cm\\_data/Paraquat-Code\\_Survey\\_FINAL\\_rev1.pdf](http://www.evb.ch/cm_data/Paraquat-Code_Survey_FINAL_rev1.pdf)

<sup>25</sup> See Corporate Responsibility Report p.15; E.g. „94% of users know that they have to act when contaminated.“ or „75% of those interviewed said they read the label before they use the product the first time.“

<sup>26</sup> Hwang K-Y, Lee E-Y, and Hong S-Y, Paraquat intoxication in Korea, Archives of Environmental Health 57(2), 162-166, 2002

<sup>27</sup> Dawson A, Buckley NA.; Intergrating approaches to paraquat poisoning. Ceylon Medical Journal, Vol. 52, No. 2, June 2007

<sup>28</sup> Communication of the Office of the Registrar of Pesticides of December 6, 2007.

<sup>29</sup> E.g. its lobbying activities against the paraquat ban in Malaysia. More about that in: Fernandez/Bhattacharjee; The politics of Paraquat; Malaysia, 2006

#### 5.4 Biofuel: turning a profit at the expense of food safety?

The increase in crops for biofuels at the expense of food and feed crops has clearly contributed to the recent rise in food prices. In several developing countries food is becoming scarce<sup>30</sup>. Syngenta is benefiting from these developments through the sale of its „Syngenta Royal“ rapeseed to farmers in the UK who have signed a contract with an electricity producer that plans to generate electricity from rape seed oil<sup>31</sup>. But rapeseed is not well suited for fuel production. As biofuel it may generate slightly less greenhouse gas emissions than fossil fuels<sup>32</sup>, but its overall environmental impact (eco balance ) is more than twice as big as that of regular gasoline. Syngenta thus promotes a technology that is clearly unfit to solve the climate problem.

The CSR report also includes an account of the development of new strains of corn. The benefits of turning corn into ethanol are highly questionable. Corn grown for fuel competes with food corn and leads to higher food prices, and its greenhouse gas performance is rather bad (a reduction of only 13% in comparison to fossil fuels)<sup>33</sup>. This is the

reason why ethanol from corn does not qualify for a biofuel tax-break in Switzerland<sup>34</sup>. Nevertheless, Syngenta remains gung-ho about first generation biofuels: „We believe that our technological innovations will help to increase agricultural productivity and meet the challenge of producing sufficient food as well as biofuels<sup>35</sup>“. Needless to say, this claim remains unsubstantiated. Syngenta’s considerable engagement in this sector also contradicts its own statements in past CSR reports, where the company underlined the need to increase yields to feed a growing world population. If feeding the world is so important, why this rush all of a sudden to turn food into fuel?

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<sup>30</sup> Media organisations around the world have reported on these developments. See e.g. Guardian, April 5, 2008 (“Crop Switch Worsens Global Food Price Crisis”) oder The New York Times, April 7, 2008 (“Grains Gone Wild”)

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[http://www.syngenta.com/de/day\\_in\\_life/bioelectricity.aspx](http://www.syngenta.com/de/day_in_life/bioelectricity.aspx)

<sup>32</sup> Zah, Rainer, Heinz Böni, Marcel Gauch, Roland Hischer, Martin Lehmann and Patrick Wäger (2007), Life Cycle Assessment of Energy Products: Environmental Assessment of Biofuels – Executive Summary, EMPA – Materials Science & Technology, Federal Office for Energy (BFE), Bern, p.161

<sup>33</sup> Farell et al, Science, 27. Januar, 2006

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<sup>34</sup> Änderung der Mineralölsteuerverordnung vom 30. Januar 2008, Art. 19b Abs. 3

<sup>35</sup> see CR report page 12

## 6 Employees and Society

We will only skim this third part of Syngenta's CSR report because it does not have all that much to do with core CSR topics but deals mostly with the company's relationship to its employees and with Syngenta's philanthropic activities. Philanthropy is commendable – who could be against it? – but it has nothing to do with the company's CSR, its social responsibilities in its core business. The correct treatment of employees and workers at external supply companies, on the other hand, is an important aspect of CSR. However, Syngenta's CSR report does not really address any of the pressing employee and worker issues, especially in developing countries, but deals mostly with employee motivation and similar topics. The most critical issues concerning the Syngenta workforce are dealt with elsewhere (safeguarding human rights in the factories of Asian subcontractors, or the assaults by members of a private security company hired by Syngenta in South America)

Nevertheless, a quick tour of Syngenta's reporting weaknesses in this chapter can't hurt.

### 6.1 Balanced reporting?

The chapter about employees and society takes up a full seven pages or almost a quarter of the entire report – far too much considering the limited relevance of what is actually discussed. Again, there are examples for Syngenta's selective perception. Syngenta pats itself on the back as „one of the best employers“ in Switzerland (where one in eight Syngenta employees is based) and conveniently forgets that the company was ranked 95th (of 95) and 83rd (of 88) in two surveys among university students to select the most attractive Swiss employers<sup>36</sup>.

Still, two negative aspects are mentioned: Many employees find they are not adequately compensated for their work and have trouble balancing job and private life. Unfortunately such insights are rare where they really matter – in the controversial core sectors of Syngenta's business activities.

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<sup>36</sup> „Swiss graduate barometer“ 2008, see at: <http://home.nzzcampus.ch/static/absolventenbarometer2008>

### 6.2 Incomplete, out of focus, redundant

Among its social commitments Syngenta lists such ‚activities‘ as paying salaries to its employees, dividends to its shareholders, and taxes to the taxman; it also has an active share buyback program and invests in emerging markets! In some ways corporations are just like the rest of us and we all have certain legal duties to fulfill – but Syngenta seems to think that doing so qualifies as a major humanitarian achievement. Dividends and stock buybacks are designed to keep market values high and shareholders happy while investing in new markets has little to do with CSR but a whole lot with corporate strategy. As for taxes: knowing how much Syngenta paid is actually less interesting than guessing how much the company avoided paying by removing their assets to some tax haven. (more on page 14)

### 6.3 Just figures, haphazardly mixed together

Syngenta's philanthropic activities remain largely a blur because the company discloses only amounts donated but provides no percentages that would put these donations in perspective. A (deliberate?) confusion of figures seems to afflict the entire report. Percentages and amounts alternate depending on what makes the company look better. The gifts listed under ‚philanthropy‘ represent 0.1% of total sales of 9 billion US\$<sup>37</sup>.

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<sup>37</sup> Against donations and grants are not technically part of any CSR report but if Syngenta decides to disclose how much they give, they should not be surprised if people take an interest!

# 7 Ethical Corporate Behaviour?

## 7.1 Human rights

One morning in May 2003 Syngenta found itself on the front page of the Swiss tabloid „Blick“. It wasn't a good place to be because the story that day implicated Syngenta in a huge child labor scandal on its hybrid cotton fields in India. But the company responded, contacted other multinationals who faced the same charges, and together with these companies resolved to put an end to child labor on their cotton fields. Syngenta also started a cooperation with the Fair Labor Association (FLA) which has been monitoring working conditions on Syngenta's seed fields in India ever since.

The first results of this monitoring program are included in the current CSR report. Unfortunately, the figures Syngenta gives us do not add up to a coherent picture. We learn how many seed suppliers are being monitored (1170), but not what percentage of the total they represent (according to the FLA<sup>38</sup> there are over 5000 seed suppliers working for Syngenta in India alone, which means that only about 20% are being monitored). Actually, from the information provided in the CSR report we do not even know the geographic location of these 1170 monitored suppliers. Are we talking India only or are these suppliers scattered all over the world? After consulting with FLA again we know they're all in India. But what about the other countries where Syngenta owns seed suppliers and where problems with child labor cannot be ruled out? Syngenta is active in many South East Asian, African, and Latin American countries and working conditions in many places are not always the best. In other words: Syngenta does not give us enough data and information to know whether they are actually living up to their promise. The company's original response was certainly commendable, but now it is time to make sure that the monitoring not only continues but is expanded to more seed suppliers in other countries. It would help if

the CSR report contained clear targets and a time frame for their achievement.

## 7.2 Murky tax practices

For over ten years the world debated the social responsibility of corporations and no one ever brought up corporate tax practices. Only the recent efforts of the international „Tax Justice Network“ (co-founded by the BD) have finally established tax evasion as a serious CSR topic.

When it comes to taxes, Syngenta is very guarded. The latest CSR report contains a single reference to taxes (the total amount paid by Syngenta worldwide).

The tax practices of corporations must be part and parcel of every serious CSR effort. Responsible corporations should be forthcoming with their tax strategy and tax philosophy and abide by this one rule at least: legal constructions and business transactions for the sole purpose of avoiding taxes are not ok. Socially and fiscally responsible companies do not avoid paying taxes and do not use offshore constructions or other tricks to do so; and they pay taxes where actual value is added.

In a way the entire CSR discussion revolves around the issue of transparency. This is certainly the case in the matter of tax practices. Responsible corporations publish tax relevant data, i.e. they account for all subsidiary companies including those domiciled in a tax haven. And they report, itemized by subsidiaries, about gross income, net income, and tax payments. In this way it becomes clear who generated what amount of net income, where they did it, and where they pay taxes.

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<sup>38</sup> The Fair Labor Association (FLA) cooperates with Syngenta on this monitoring program. The mention of a consultation with FLA in our report is in reference to an e-mail exchange we had with a representative of the FLA in India between April 8 and April 10, 2008.

*Disreputable affiliates?*

In its financial report Syngenta suggests that it is making the most of its 'wiggle room for creative tax accounting' (read: aggressively minimizes its taxes). Syngenta maintains subsidiaries in such tax havens as Luxembourg, Bermuda and Liechtenstein. In Liechtenstein and the Bermudas Syngenta wholly owns an insurance and a re-insurance company, respectively.

What is a seed and pesticide company doing in the insurance business? Such 'captive insurances' are a well-established instrument of systematic tax avoidance. The payment of insurance premiums to wholly-owned off-shore insurance companies reduces the net income of producing and acting subsidiaries, thus lowering tax payments. The profits of the off-shore (re-)insurance company are tax free.

Syngenta also makes use of tax loopholes in larger countries. It has four holding companies and two financial companies in the Netherlands. The Netherlands offer companies attractive conditions for tax evasion. As a result, the number of offshore companies there has increased considerably in recent years<sup>39</sup>. Syngentas Dutch holdings bear typical offshore names (Syngenta Alpha, Syngenta Beta, Syngenta Kappa). Syngenta also has a holding company and a financial company in the US-state of Delaware which functions as a tax haven within the US (much like the canton of Zug in Switzerland).

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<sup>39</sup> See:

[www.somo.nl/html/paginas/nieuws\\_item.php?id=322](http://www.somo.nl/html/paginas/nieuws_item.php?id=322)



## 8 Does Syngenta Meet GRI-Criteria?

The matrix below compares the results of our analysis of the CSR report with the standards of the Global Reporting Initiative<sup>40</sup>. This is not a comprehensive evaluation but merely an attempt to present the major weaknesses of the Syngenta report in an easily readable form.

<b>Reliability</b> <input type="checkbox"/> good <input type="checkbox"/> passing <input checked="" type="checkbox"/> failing	<b>To Be Improved</b> <ul style="list-style-type: none"> <li>- Implement GRI-principles</li> <li>- Extend focus of evaluation to GRI-Principles</li> <li>- Apply assurance standard AA1000AS</li> </ul>
<b>Balance</b> <input type="checkbox"/> good <input type="checkbox"/> passing <input checked="" type="checkbox"/> failing	<b>To Be Improved</b> <ul style="list-style-type: none"> <li>- Address problem areas</li> <li>- Findings of studies and court decisions must not be reported selectively. Do not gloss over critical points.</li> </ul>
<b>Clarity</b> <input type="checkbox"/> good <input type="checkbox"/> passing <input checked="" type="checkbox"/> failing	<b>To Be Improved</b> <ul style="list-style-type: none"> <li>- Disclose tax strategy</li> <li>- Omit unnecessary details, give relevant topics enough space.</li> <li>- Provide source information for quoted studies</li> <li>- Make sources easily accessible</li> </ul>
<b>Accuracy</b> <input type="checkbox"/> good <input type="checkbox"/> passing <input checked="" type="checkbox"/> failing	<b>To Be Improved</b> <ul style="list-style-type: none"> <li>- Use different method to calculate carbon footprint</li> <li>- Disclose assumptions on which estimates are based</li> <li>- Assess human and environmental risks of product portfolio and set targets for risk reduction</li> <li>- Introduce indicators other than sales figures</li> <li>- Use actual success of stewardship programs as sole indicator (rather than output in terms of training programs)</li> </ul>
<b>Comparability</b> <input type="checkbox"/> good <input type="checkbox"/> passing <input checked="" type="checkbox"/> failing	<b>To Be Improved</b> <ul style="list-style-type: none"> <li>- Provide percentages that refer to useful key figures</li> <li>- Project costs are not a fitting measure of a company's contribution to "sustainable agriculture"; they also make year to year comparisons difficult</li> </ul>
<b>Punctuality</b> <input type="checkbox"/> good <input checked="" type="checkbox"/> passing <input type="checkbox"/> failing	<b>To Be Improved</b> <ul style="list-style-type: none"> <li>- Set definite deadlines for target fulfillment</li> <li>- Define clear goals by which Syngenta's performance can be measured</li> </ul>

<sup>40</sup> <http://www.globalreporting.org/ReportingFramework/G3Guidelines/>