

# UNITED IN GROWTH



*2010 Sustainability and  
Corporate Responsibility Report*





**Working with  
farmers to do  
more with less  
is the core of  
our business.**





# We're Working with Farmers to Meet Growing Global Demands

**If there were one word to explain what Monsanto is about, it would have to be farmers.**

**Billions of people depend upon what farmers do. And so will billions more. In the next few decades farmers will have to grow as much food as they have in the past 10,000 years – combined.**

**It's our purpose to help farmers do exactly that.**

**To produce more food.**

**To produce more with less, conserving resources like soil and water.**

**And to improve lives.**

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# Partnership for Sustainable Agriculture

**We're working hand-in-hand with farmers to help them produce more crops, conserve more resources and improve lives.**



**Advances in seed and continuous improvement in farming practices are helping farmers in many countries make agriculture more sustainable.**

**M**any people around the world play a part in shaping agriculture and in helping meet global demand in a sustainable way. In 2008, we made a commitment to work hand-in-hand with farmers and deliver technologies that help them produce more crops, conserve more resources and improve lives.

Thanks to advances in breeding, biotechnology and continuous improvement in farming practices, farmers in many countries are well on the way to doubling yields compared to what they produced in 2000. And they are also conserving more resources per unit of output, helping ensure that future generations of farmers will be able to meet the world's needs.

But sustainability and corporate responsibility are not only about the opportunities our products create. They are also about how we manage our operations and interact with the communities we touch. The seed business is a long-term business, and we approach our environmental and safety performance with that same appreciation for long-term continuous improvement.

In 2010, we introduced *Monsantotogether*, a program that supports personal charitable involvement by our employees and encourages them to volunteer in their communities. And in 2009, we joined the United Nations Global Compact, a joint initiative between companies around the

world, UN agencies, and groups representing labor interests and civil society. The UN Global Compact seeks to advance responsible corporate citizenship and is structured around 10 principles relating to the areas of human rights, labor practices, environmental protection and combating corruption.

Monsanto remains committed to the Global Compact in principle and practice and we are happy to include our first Communication on Progress in this Sustainability and Corporate Responsibility Report. Additionally, the Global Reporting Initiative (GRI) provides guidance for our reporting. An index at the end of this report lists the pages where individual GRI indicators are included in this report.

I invite you to read the articles and data in this report and determine for yourself whether we are meeting our commitment to the values expressed in the Monsanto Pledge and our commitment to sustainable agriculture.

A handwritten signature in black ink that reads "Hugh Grant".

**Hugh Grant**

*Monsanto Chairman, President and Chief Executive Officer  
November 2, 2010*



# The Monsanto Pledge

**The Monsanto Pledge is our commitment to doing business right. It's a statement of values that compels us to listen more, to consider our actions and their impact and to lead responsibly. It helps us make clear who we are and what we champion.**

## **Integrity**

Integrity is the foundation for all that we do. Integrity includes honesty, decency, consistency and courage. Building on those values, we are committed to:

## **Dialogue**

We will listen carefully to diverse points of view and engage in thoughtful dialogue. We will broaden our understanding of issues in order to better address the needs and concerns of society and each other.

## **Transparency**

We will ensure that information is available, accessible and understandable.

## **Sharing**

We will share knowledge and technology to advance scientific understanding, to improve agriculture and the environment, to improve crops and to help farmers in developing countries.

## **Benefits**

We will use sound and innovative science and thoughtful and effective stewardship to deliver high-quality products that are beneficial to our customers and to the environment.

## **Respect**

We will respect the religious, cultural and ethical concerns of people throughout the world. The safety of our employees, the communities where we operate, our customers, consumers, and the environment will be our highest priority.

## **Act as owners to achieve results**

We will create clarity of direction, roles, and accountability; build strong relationships with our customers and external partners; make wise decisions; steward our company resources; and take responsibility for achieving agreed-upon results.

## **Create a great place to work**

We will ensure diversity of people and thought; foster innovation, creativity and learning; practice inclusive teamwork; and reward and recognize our people.



A wide-angle photograph of a cotton field at sunset. The sky is filled with warm, golden light from the setting sun, which is partially obscured by clouds. The cotton plants in the foreground are in sharp focus, showing their characteristic bolls. In the middle ground, a person is visible, working in the field. The overall mood is peaceful and industrious.

**“I believe farmers are true environmentalists.”**



# Sustainable Farming Practices Make a Positive Impact

Steve Olson

*Cotton Farmer, Plainview, Texas*

**Since I began farming 20 years ago, I have seen cotton yields double and increase in quality. I can clearly see the impact sustainable farming practices and improved technology have had on our farming operation. We have been growing production seed cotton for several years and are continually amazed to see the potential in new products.**

**I believe farmers are true environmentalists. When people really understand what farmers do to make production agriculture work, they can't help but conclude that protecting our environment and conserving our natural resources are at the heart of everything we do.**

**On our farm, we use several different types of technologies. Before biotechnology, we used many more pesticides. I love to bring people to our fields and show them the life that is out there, and explain the difference between farming now and a few years ago.**

**I believe we're living in the most exciting and challenging time in history. As we as farmers commit to learning more about the crops we grow and the soil we grow them in, we improve our planet, our lives, the lives of our families and people around the world.**





# Sustainable Agriculture: Producing More, Conserving More and Improving Lives

**Monsanto is one of the world's leading companies focused on sustainable agriculture. We discover and deliver innovative products that support the farmers who feed, fuel and clothe our world.**

**P**eople around the world depend on farmers for their most basic needs. With global population expected to grow by 40 percent in the next few decades, agriculture will need to become more productive and more sustainable in order to keep pace with rapidly increasing demands.<sup>2</sup> Many

experts agree that we will need to grow as much food in the next 50 years as we did in the past 10,000 years combined if we are to sustain our planet's population.<sup>3</sup>

Compounding this challenge is the fact that farmers will need to keep up with demand while dealing with limited resources like land, water and energy.





**We're committed to developing technologies that enable farmers to produce more while conserving more of the natural resources that are essential to their success.**



Demand is growing, but supplies of these basic resources are not. Farmers will need to get more from every acre of land, every drop of water and every unit of energy.

Sustainable agriculture is at the core of Monsanto. We're committed to developing the technologies that enable farmers to produce more while conserving more of the natural resources that are essential to their success. We do this by bringing seeds, traits developed through biotechnology and crop protection products to the marketplace.

### **Our commitment to sustainable agriculture**

In 2008, we set a series of goals for ourselves to work with farmers to make agriculture more sustainable. These goals state that by 2030, we will do our part in:

- **Producing More** – Developing improved seeds that help farmers double yields from 2000 levels for corn, soybeans, cotton, and spring-planted canola, with a \$10 million grant pledged to improve wheat and rice yields through Monsanto's Beachell Borlaug International Scholars Program.
- **Conserving More** – Conserving resources through developing seeds that use one-third fewer key resources per unit of output to grow crops while working to lessen habitat loss and improve water quality.
- **Improving Lives** – Helping improve the lives of farmers and the people who depend on them, including an additional 5 million people in resource-poor farm families by 2020.

We believe that our goals are appropriate targets and that they are attainable through a combination of advanced plant breeding, biotechnology and improved farm-management practices. Farmers can meet the needs of our growing planet; better seeds and agronomic practices will help them do it.



# Producing More: Improving the Yields of Today, and Tomorrow

**To meet the demands of the future, farmers need to get more from every acre. And to help them, we're working to double crop yields of corn, soybeans, cotton and spring-planted canola by 2030.**

**W**ith more than 9 billion people expected to live on our planet by 2050,<sup>2</sup> there is long-term need to make agriculture more productive and more sustainable. Together with farmers around the world, we can meet the increasing demand for food, clothing and energy.

**Farmers must produce more food in the next few decades than they have in the past 10,000 years combined.**



## **More people and greater incomes raise demand**

In 2009, for the first time in history, there were more people living in urban

areas than were working the land in the countryside. As this shift from rural to urban life continues, many people are increasing their incomes and, consequently, improving their diets.<sup>4</sup> Instead of eating primarily staples such as bread and rice, people are eating more protein and a more diverse diet.<sup>5</sup> As protein consumption increases, the demand increases for grains and oilseeds used for animal feed.

## **More from every acre**

Taken together, population growth and dietary shifts are expected to double food demand by 2050.<sup>6</sup> To meet this demand, farmers must produce more food in the next few decades than they have in the past 10,000 years combined.<sup>3</sup>



## Case Study:

# Comparing Corn Yields in the U.S. and the E.U.

## Supportive policies make a difference

Countries that put policies in place to support agricultural innovation and seed technology are reaping environmental and economic benefits.

## The numbers tell the story

From 2000 to 2008:

- Global average corn yields increased by 11 bushels an acre
- Average corn yields in the United States increased by almost twice that amount – more than 20 bushels an acre
- Average corn yields in the European Union increased by only 6 bushels an acre – more than 3 times less than in the United States<sup>7</sup>

## Advanced seed advantage

Why such a significant difference in yield gains? Farmers in the United States and the European Union operate farms sized to gain economies of scale, use modern planting and harvesting equipment, implement effective management strategies and make use of the latest fertilizers. But growers in the United States have increasingly employed biotech traits to manage weeds and insects, while regulations in the European Union limit farmers' access to these same traits.

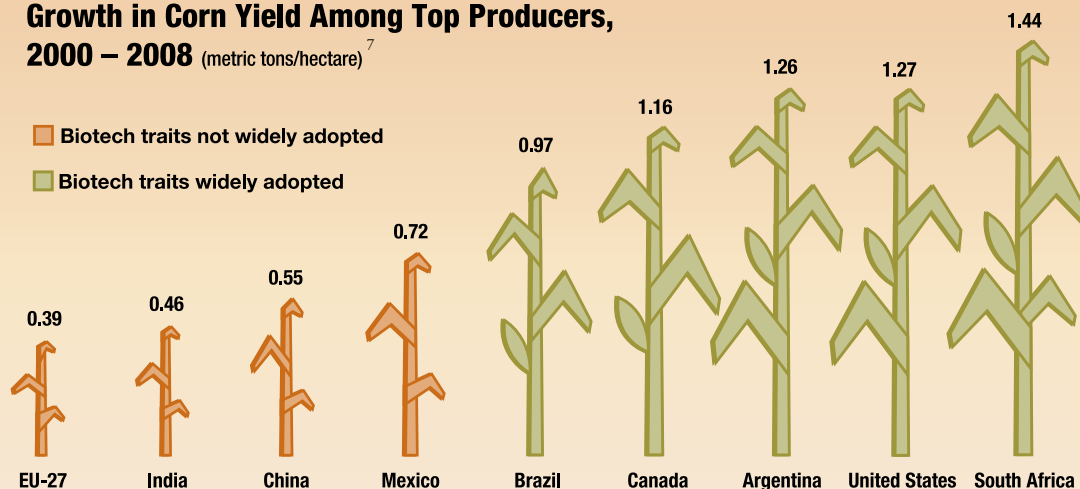


## The forefront of agriculture

It's clear that policymakers in the United States want U.S. farmers to stay at the forefront of agriculture. As a result, U.S. farmers now produce 40 percent of the world's corn using just 20 percent of the land area devoted to it.<sup>8</sup>

It is our hope that more countries will follow the United States and develop policies that facilitate private sector investment in agriculture. We believe progress such as this will ultimately improve farm productivity and sustainability.

## Growth in Corn Yield Among Top Producers, 2000 – 2008 (metric tons/hectare)<sup>7</sup>





**Update:**

## Genuity Roundup Ready 2 Yield Soybeans and Genuity SmartStax Corn



Millions of farmers around the world have benefited from using our technologies, and two of our second-generation biotech traits are designed to give farmers more yield potential.

### Genuity Roundup Ready 2 Yield Soybeans

We launched *Genuity Roundup Ready 2 Yield Soybeans* in 2010 on more than 6 million acres and 40,000 farms. This new tool for growers is the only soybean trait with the primary benefit of increasing yield. The boost in yield is a direct result of more beans per pod versus first generation *Roundup Ready Soybeans*.<sup>9</sup>

### Genuity SmartStax Corn

In 2010, *Genuity SmartStax Corn* made its debut in farm fields across the U.S. Corn Belt. Employing new innovations from Monsanto and Dow AgroSciences, this revolutionary new corn trait platform combines an array of biotech enhancements that include above- and below-ground insect protection and weed control. U.S. corn farmers who plant *Genuity SmartStax Corn* can reduce the structured refuge from the typical 20 percent to 5 percent in the Corn Belt, and from 50 percent to 20 percent in portions of the South.<sup>10</sup>

### Progress at work

These products represent the progress being made in seeds through biotechnology and breeding. Farmers can meet the needs of our growing planet. Innovations like *Genuity Roundup Ready 2 Yield Soybeans* and *Genuity SmartStax Corn* will help them do it.

## GENUITY SMARTSTAX CORN CAN REDUCE REFUGE:



## Our Commitment: Produce More

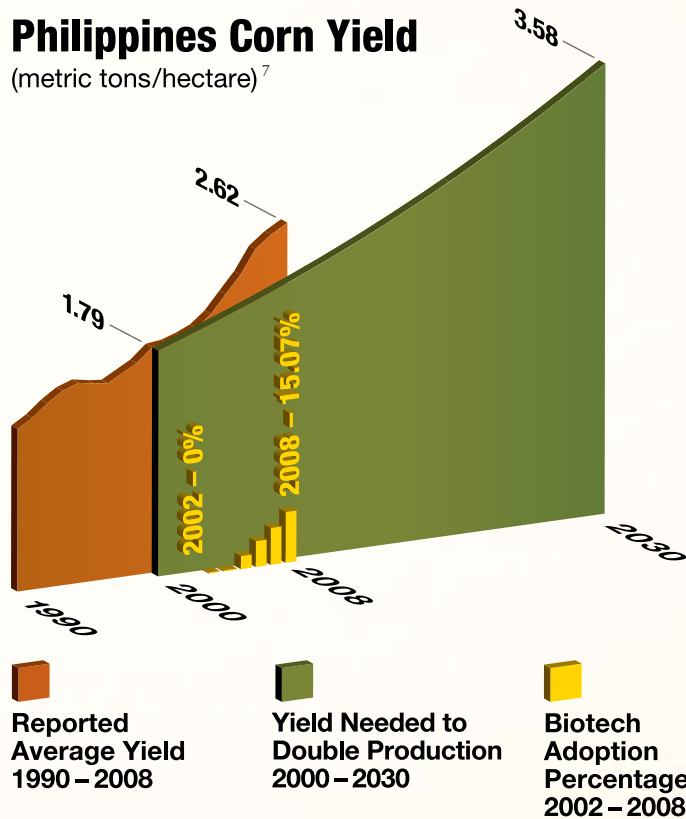
GOAL	PROGRESS INDICATOR	METHOD
Double the yields of corn, soybeans, cotton and spring-planted canola between 2000 and 2030	National average crop yield levels in leading countries	Country-by-country comparisons, year-over-year

We believe meeting the demands of 2050 is possible. Monsanto is committed to developing technologies that enable farmers to get more from every acre of farmland. Specifically, we are working to double yields in our core crops of corn, soybeans, cotton and spring-planted canola by 2030 compared to a base year of 2000. These yield gains will come from a combination of advanced plant breeding, biotechnology and improved farm-management practices. Innovation, combined with the hard work and dedication of farmers, can help agriculture meet the growing needs of the world, today and in the future.

### Advanced seeds grow Philippines' success

Filipino corn growers are well on pace to double yields by 2030. Much of the progress in recent years can be attributed to the availability of advanced seeds. In 2003, biotech corn was made available in the Philippines and grower adoption of the technology has consistently increased every year since. In 2009, more than a million acres of biotech corn were planted, up by 40 percent from the year before. Filipino farmers have earned an additional \$88 million U.S. from planting biotech corn.<sup>11</sup>

### Philippines Corn Yield (metric tons/hectare)<sup>7</sup>





# Conserving More: Protecting Resources for Future Generations of Farmers

**Monsanto is committed to delivering innovative tools and technologies with which farmers can produce more while conserving more in a demanding environment.**

**F**armers are the stewards of the earth. Every day they work to get the most from their land while conserving natural resources for future generations. From the large-scale grower in North America to the subsistence farmer in sub-Saharan Africa growing just enough to feed her family, their livelihoods depend on sustainability.

To keep up with demand, experts predict we will need 300 million acres of additional farmland brought into crop production by 2030.<sup>12</sup> This is roughly equal to the current cropland area of the United States and China combined.

## **Water conservation is key to sustainability**

Water is likely the greatest constraint to agriculture today and into the future. It takes 3,000 liters of water to produce



## **Keeping up with demand responsibly**

With growing demand for their products, the pressure is mounting for farmers around the world to produce more food, clothing and fuel. But as demand grows, supplies of basic resources like land, water and energy remain limited.

**IF WE DON'T  
IMPROVE OUR  
YIELDS,**

EXPERTS PREDICT  
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**300  
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**OF ADDITIONAL  
FARMLAND**

BROUGHT INTO  
CROP PRODUCTION BY

**2030**

TO KEEP UP WITH  
**DEMAND**



## Our Commitment: Conserve More

GOAL	PROGRESS INDICATOR	METHOD
Reduce agricultural use of key resources by one-third per unit of output between 2000 and 2030	Efficient use of land, water and energy; minimization of soil loss and greenhouse gas emission	Reporting of eco-efficiency data in the United States and other leading countries as available

enough to feed a person a Western diet each day.<sup>13</sup>

With the water it takes to feed our entire planet for a day, you could fill a channel 10 meters deep and 100 meters wide that circles the globe 180 times. In stark contrast, a person needs only 5 liters of drinking water daily.<sup>13</sup>

If we do not make improvements in our water-use efficiency, the world will need as much as 60 percent more fresh water than is available to satisfy the needs of our growing population by 2050.<sup>12</sup> Many areas of farmland are already dealing with water shortages.

And climate change has the potential to intensify water scarcity challenges in the coming decades.<sup>13</sup>

### Helping farmers conserve more

Innovation can help provide solutions to the challenges facing agriculture. Advanced seeds and improved management practices that make the most efficient use of land, water and energy are vitally important to sustainable agriculture.

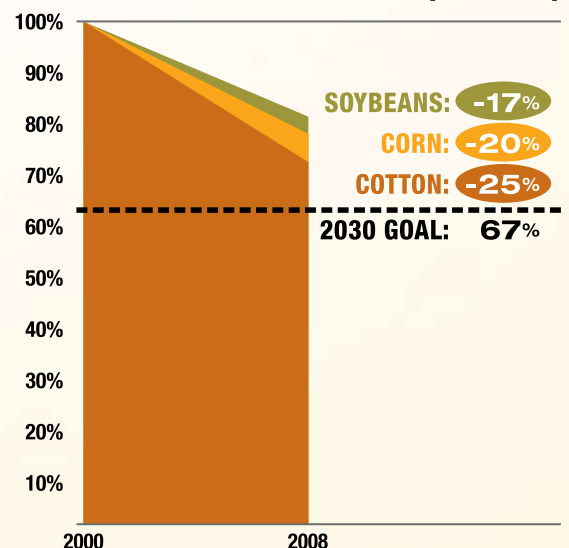
Monsanto is committed to delivering innovative tools and technologies with

### PERCENTAGE CHANGE IN RESOURCES USED AND EMISSIONS PER UNIT OF OUTPUT

## U.S. CROPS 2000-2008<sup>14</sup>

RESOURCES	SOYBEANS	CORN	COTTON
LAND USE	-9	-14	-22
IRRIGATION WATER USE	-21	-28	-30
ENERGY USE	-24	-33	-45
SOIL LOSS	-6	-13	-8
CLIMATE IMPACT	-24	-14	-19
<b>AVERAGE</b>	<b>-17</b>	<b>-20</b>	<b>-25</b>

### PROGRESS TOWARD 2030 GOAL (AVERAGE)





# Water Use Is a Central Focus for Monsanto

**B**ecause water is such a major factor in farming, we're working with farmers to increase yields while decreasing the amount of water it takes to grow their crops. Farmers use many of our existing technologies to maximize their water-use efficiency.



## Reduced tillage means less irrigation

*Roundup Ready* trait technology used in combination with *Roundup* agricultural herbicides is one of the most important technologies to advance conservation tillage. Farmers who use conservation tillage techniques can conserve more water because the reduced land tillage increases soil moisture so less irrigation is needed.

## Faster crop growth limits water evaporation

Our seed treatments enable crops to sprout and establish faster, limiting the amount of water lost to evaporation before the crop develops a canopy.

## Advanced breeding and better hybrids

Our advanced breeding techniques are enhancing the development of hybrids best suited for water-limited environments.

## Better-rooted corn plants

Biotechnology traits, such as *YieldGard* Rootworm technology, help establish better-rooted corn plants that use soil moisture more effectively.

which farmers can produce more while conserving more. In 2008, we set the goal of reducing by one-third the aggregate of the soil lost, the greenhouse gases emitted, and the land, water and energy resources needed to produce a unit of our core crops. Through a combination of advanced breeding, biotechnology, and improved farm-management practices, we are confident that together with farmers we can meet this target by 2030.

## Maintaining yields during dry periods

Yield loss is devastating for any farmer. In developing countries it can lead to hunger and poverty for farmers, their families and their communities.

Monsanto is developing traits that will help plants maintain yields during dry periods. Roughly 80 percent of total cropland area in the world is exclusively

## Conclusions of Monsanto's Climate Change Panel:

- Climate change is real
- Sustainable agriculture can sequester atmospheric carbon
- Monsanto is developing products to withstand environmental stress

## Learning Together

In 2009, we built the Monsanto Water Utilization Learning Center in Gothenburg, Nebraska, to share our expertise and research with farmers. The \$6 million facility is the first of its kind in agriculture and is designed for interactive demonstrations of advanced cropping and irrigation systems. The demonstrations focus on how technologies and agronomic practices can work together to grow more crops per drop of water.



The Gothenburg Water Utilization Learning Center helps farmers achieve their yield and productivity goals with an emphasis on water utilization.

rain-fed.<sup>13</sup> Even a slight water deficit in these areas can cause serious stress on a crop, significantly lowering yields.

Monsanto's drought-tolerant trait represents a breakthrough in improving water productivity in agriculture. Our first drought-tolerant corn trait is in regulatory review and is expected to be commercially available by 2012.

### Adapting to climate change

Climate change poses serious threats to agricultural productivity. Variability in temperatures and weather patterns make farming a risky business, especially for the many millions of farmers completely dependent on rainfall. Advanced farming techniques can help in two ways: by mitigating the effects of climate change

USING  
CONSERVATION  
TILLAGE,  
**FARMERS  
DECREASED  
FUEL-RELATED  
EMISSIONS  
IN 2007 –**

THE EQUIVALENT  
OF REMOVING

**6.3**  
**MILLION  
CARS  
FROM  
THE ROAD**<sup>11</sup>





and by enabling farmers to adapt to the changing conditions.

*Roundup Ready* trait technology helps, as well. The expansion of conservation tillage practices has helped improve soil

- Improve crop yields under normal nitrogen conditions and stabilize yields under low-nitrogen conditions
- Help increase efficiency of nitrogen-based fertilizers, so that more is used by the crop and less is left in the soil to form greenhouse gases or runoff into waterways

## Precise use of inputs like fertilizer and water can help farmers conserve more resources.

carbon sequestration while reducing tractor fuel use and greenhouse gas emissions. The resulting decrease in fuel-related emissions and additional carbon sequestration in 2007 alone was equal to removing 6.3 million cars from the road.<sup>11</sup>

### Using nitrogen more efficiently

In addition to our work in drought tolerance, we are working to develop crops that use nitrogen more efficiently. Soil temperature and moisture changes can affect soil nitrogen dynamics, which can hurt farm productivity.

Our nitrogen-efficiency trait in research and development is designed to:

### Maximizing soil health

Healthy soil is something every farmer wants. Our products help farmers maintain the integrity and productivity of their soil by enabling conservation tillage and more efficient use of nutrient inputs. These practices help maximize soil health in the short and long term.

Every field has unique soil characteristics. We are developing a system to provide farmers with science-based information on seed selection, planting densities and nutrient application for their specific field requirements. Using field-specific soil models, we will offer information that can assist farmers in selecting the best product mix and the best management practices for their field. More precise input applications can help farmers conserve more of the resources that are essential to their success.

# Improving Lives: A Commitment with Many Faces

**We help provide the technologies that enable farmers to improve the lives of their families, their communities and the lives of people around the world.**

**T**oday, agriculture is faced with the challenge of increasing food production and reducing the amount of natural resources required to produce crops. With every passing day, more pressure is placed on agriculture by an increasing population.

As part of our commitment to sustainable agriculture, we set a goal in 2008 to help farmers improve their quality of life, including 5 million people in resource-poor farm families by 2020. This commitment is focused on delivering innovative products that can have a positive effect on the quality of life for all farmers, their families and the rural communities in which they live. It can also have a positive effect on consumers and society overall.



## Small farmers, big concerns

Depending on the geographic area or crop, the challenges farmers face can be vastly different. Smallholder farmers produce most of the food in developing countries; however, they are generally poorer than the rest of their country's population and tend to have less food security than the urban poor. Many of these farmers struggle with limited access to technology or advanced tools – quality seed, fertilizer and crop protection products – to improve farming conditions. A farmer in Africa may need

## Focus on the farmer

Farmers are critical to the solution. They are the ones we count on to produce our food, and they are the ones who take risks year after year.

### Our Commitment: Improve Lives

GOAL	PROGRESS INDICATOR	METHOD
Improve lives, including an additional 5 million people in resource-poor farm families by 2020	Net income gains among farmers adopting biotech crops	Global meta-analysis of net income effects attributable to biotech crops



INCOME BENEFITS OF AGRICULTURAL BIOTECHNOLOGY, GLOBAL

**YEAR 2008<sup>11</sup>**

	NET FARM INCOME	FARMERS AFFECTED
TOTAL	<b>\$9.37 Billion</b>	<b>14 Million</b>
RESOURCE-POOR DEVELOPING COUNTRY FARMERS	<b>\$4.73 Billion</b>	<b>13 Million</b>
LARGE-SCALE DEVELOPED COUNTRY FARMERS	<b>\$4.63 Billion</b>	<b>1 Million</b>

drought-tolerant seed to profit from her crop and feed her family. Without these resources, farmers will continue to struggle to achieve yields that could help them escape food insecurity and poverty.

**Big farmers, tailored solutions**

In developed countries, large-scale farms face their own set of challenges. A commercial farmer in the United States may need better weed management and pest protection to preserve the quality of his land and affordably support his family.

**Benefits for all farmers**

Overall, agricultural biotechnology has had a significant beneficial effect on farmers' income. In 2008 alone, biotechnology increased farmer income by \$9 billion. Half of this income gain occurred in developing countries.<sup>11</sup>

When the quality of farmers' lives improves, they are put in a better position to help feed the increased demands of a growing population.

**In-Focus:**

*Soymega SDA Soybean Oil*

Thanks to a collaboration between Monsanto and the Solae Company, a leader in soy-based technologies and ingredients, soybeans may soon become a valuable source of Stearidonic Acid (SDA) Omega-3. This partnership will result in the development of products that can bring Omega-3 health benefits to consumers in the form of renewable, stable and easy-to-consume soy oil.<sup>15</sup>

**Omega-3 is essential for healthy hearts**

Consuming Omega-3 fatty acids has been shown to be beneficial to heart health. The U.S. Food and Drug Administration (FDA) has recognized the importance of Omega-3s in reducing the risk of coronary heart disease. And the American Heart Association recommends that healthy people consume 2 servings of fatty fish a week, providing approximately 500 mg of Omega-3 fatty acids a day. For a person with coronary heart disease, consuming 1 gram of Omega-3s a day is recommended.<sup>15</sup>

**Omega-3 sources are limited**

While Omega-3s are good for overall human health, they cannot be made by the human body and must be obtained from food. Unfortunately, they are not present in many foods and food companies have had a difficult time finding Omega-3 supplements with good shelf life and good taste.

**A renewable, land-based source for Omega-3s**

The supply of wild fish in oceans and streams is decreasing while the world's population is increasing. People are already not getting enough Omega-3s in their diets, so a reliable land-based source of Omega-3s that can take the pressure off the fishing industry is essential to improving all our lives.

Fortunately, SDA soybeans can provide an alternative source of Omega-3s and provide farmers the opportunity to grow a crop that could help alleviate overfishing in the oceans.



**Case Study:**

# Burkina Faso

## A country in need

Burkina Faso is one of the poorest countries in the world. Two million people make a living from cotton production in Burkina Faso. Cotton represents 60 percent of the country's exports and is the primary source of income for smallholder farmers.<sup>11</sup> Cotton helps farmers pay for medication, household goods and education. Tragically, it is often ravaged by insects, which can devastate 90 percent of the crop.<sup>11</sup> Until recently, the only way to guarantee a crop was with costly insecticide treatments – a drain on both human and financial resources for farmers in Burkina Faso.<sup>16</sup>

## A turning point

In 2003, the Minister of Agriculture of Burkina Faso requested help from Dr. Robb Fraley, Monsanto's chief technology officer. At the time, Burkina Faso had limited regulatory and technical



## **Bt Cotton Advantages in Burkina Faso<sup>11</sup>**



capacities, a limited understanding of biotechnology and no agricultural biotechnology regulatory structure.

Monsanto formed a team to provide guidance and expertise as the country developed stewardship and regulatory protocols. Given the high yield loss due to insect infestation and strong technical fit for insect-protected cotton, the team was motivated to pursue commercialization to benefit a large portion of the population. The country's National Agriculture and Environment Research Institute (INERA) outlined its commitment to working with Monsanto and implemented a technical protocol enabling INERA to test local varieties.

## A promise of hope

As a result of the team's efforts, 4,500 Burkinabè farmers planted *Bollgard* cotton on 6,800 farmer fields in 2008. In 2009, 115,000 hectares of *Bollgard* cotton were planted for commercialization in Burkina Faso. The International Service for the Acquisition of Agri-Biotech Applications (ISAAA) estimates that biotech insect-protected cotton could generate an economic benefit of more than (US) \$100 million per year in Burkina Faso, based on yield increases of close to 30 percent, in addition to at least a 50 percent reduction in insecticide sprays.<sup>11</sup>





**We're committed to  
making lives better.**



# Working with Partners for Sustainable Agriculture

**Our vision for sustainable agriculture is built on a foundation of innovative people, products, and coalition of invaluable partnerships.**

**Whether it's improving access to modern seed and practices for smallholder farmers, investing in the next generation of plant scientists and agricultural leaders, or supporting philanthropic projects in rural communities, we believe working with partners on projects such as these ultimately improves lives for people in the communities we serve and for society at large.**



# Partners in Sustainability

**We're committed to partnering with farmers, local governments, nongovernmental organizations (NGOs) and other stakeholders. These partnerships are making a positive change in the world.**

**O**n January 12, 2010, a devastating earthquake struck Haiti and in 7 seconds the lives of millions were forever changed. The earthquake caused massive

**In 2010, Monsanto donated 130 tons of hybrid corn & vegetable seeds to the people of Haiti.**

However, we also recognized that the Haitian economy is dependent upon agriculture and that the primary planting season was quickly approaching. With positive encouragement from well-informed stakeholders, we began looking at what products we had available to offer.

Within a few weeks of the earthquake, our teams identified 475 tons of conventional hybrid corn seeds, and 2 tons of vegetable seeds that were well suited to Haitian growing conditions.

We offered the corn and vegetable seeds, valued at over \$4 million, to Haiti's Ministry of Agriculture free of charge for planting by Haitian farmers. On March 26, the Ministry of Agriculture approved the donation.

In partnership with the Haitian Ministry of Agriculture, USAID, Earth Institute, Kuehne + Nagel, and UPS, Monsanto donated 130 tons of conventional hybrid corn and 2 tons of vegetable seeds. These donations reached nearly 20,000 farmers in Haiti. Donation and distribution of up



**Preparing seed shipments for distribution in Haiti.**

destruction to the country's infrastructure and economy, and hundreds of thousands of people were killed.

Monsanto immediately began looking at how our company could help. Through our company, our employees and the Monsanto Fund, more than a quarter million dollars was donated for relief aid to Haiti.

to an additional 345 tons of conventional hybrid corn seed is anticipated.<sup>17</sup>

## Building African agriculture, one technology at a time

Water scarcity and climate change disproportionately affect sub-Saharan Africa. In 2008, the Water Efficient Maize for Africa (WEMA) project was formed to develop seeds that farmers can use to overcome these challenges. The partnership's goal is to increase the drought tolerance of white corn (maize) in eastern Africa, where it is a staple crop, through a combination of breeding and biotechnology techniques. WEMA is also helping build research and development capacity in sub-Saharan Africa by involving more than 60 African scientists, who will carry the knowledge they gain well beyond this project.



**WEMA is working to increase the drought tolerance of white corn in eastern Africa.**

Led by the Kenya-based African Agricultural Technology Foundation and funded by the Bill and Melinda Gates and Howard G. Buffett foundations, WEMA partners include Monsanto, the International Maize and Wheat Improvement Center (CIMMYT) and agricultural research systems in Kenya, Mozambique, South Africa, Tanzania and Uganda.

For Monsanto, WEMA is a groundbreaking partnership because it involves donating drought tolerance and accelerated plant breeding expertise. It represents a commitment to provide technology to the developing world at nearly the same time it's provided to major commercial markets. We estimate this effort could result in new white corn varieties that may provide between 20 percent and 35 percent more yield during moderate drought – enough to help keep hunger at bay for many in the region.<sup>18</sup>

**New white corn varieties could yield 20% to 35% more during moderate drought.**



## **Project Sunshine: Increasing corn yields in India**

India's fastest growing and third-largest cereal crop is corn. It's playing an increasing role in the country's food security. Yet Indian corn farmers' productivity is less than half the global average, largely because they have lacked access to high-yielding hybrid seeds.

In 2007, Monsanto partnered with the government of Gujarat state, its Tribal



Development Department and local nongovernmental organizations to help subsistence farmers increase corn yields and reduce poverty.

Project Sunshine began as a pilot program reaching 3,400 farmers with free hybrid seeds, inputs, training and crop

**In 2010,  
Project Sunshine  
reached 146,000  
resource-poor  
farmers and  
generated an  
additional farm  
income of  
\$27 million.**

insurance. In 2010, the project reached 146,000 farmers and generated additional farm income of \$27 million. A budding market created through additional income has attracted attention from companies in the starch and poultry industries, which are exploring investment opportunities encouraged by the more reliable, higher-yielding corn crop.

## **Protecting biodiversity in Brazil**

Brazil's Cerrado and Atlantic Forest regions are rich in biological diversity, but also under threat from human activity. To protect these regions, Monsanto partnered with Brazilian farmers, local residents and Conservation International (CI) in Brazil to encourage positive changes for biodiversity and natural habitats. This 5-year, \$14 million project is currently in its second year.

As part of the project, an environmental land use protocol was implemented at 13 farms in the Cerrado and 17 socioeconomic analyses were conducted in surrounding communities. This was done to inform action plans for the following year. An area of 600 hectares was selected to be part of a forestry carbon project and the data collected is being used for project development design.

In the northeast Atlantic Forest, three protected areas, covering 31,681 hectares, were created. The creation of another five areas has started. In the region, 120 stakeholders were trained in forestry recovery at demonstration forests with the goal of providing environmental services and biodiversity corridor connectivity. Also, 25 protected area managers were trained in the Geographic Information System tool.<sup>19</sup>

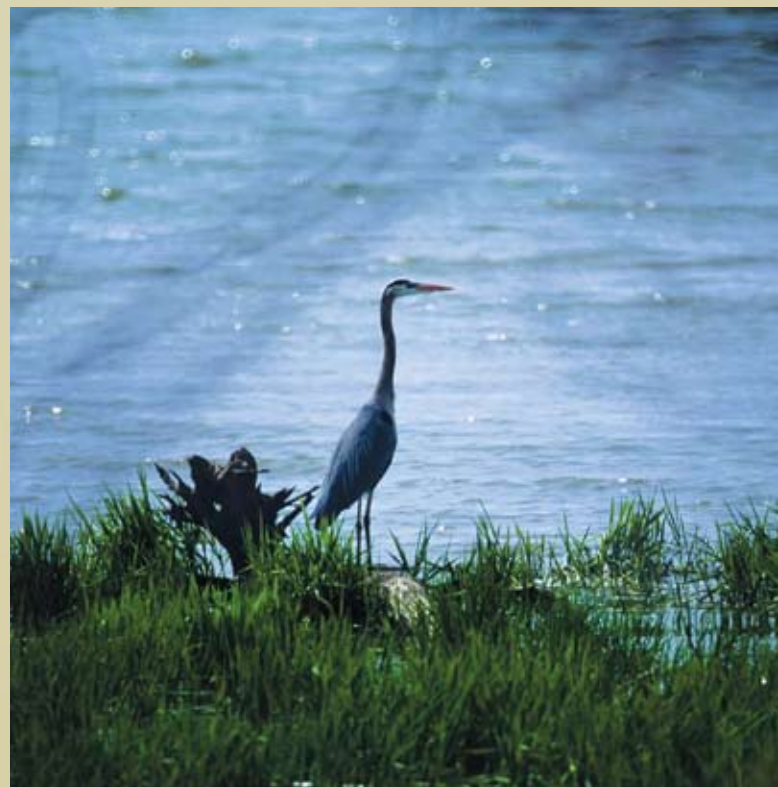


### Partnerships in North America:

## Protecting Water Quality on the Mississippi River System

The Mississippi River is one of the most significant waterways in the world for agriculture and biodiversity. In 2009, Monsanto committed \$5 million to collaborate on a variety of conservation projects in the Mississippi River basin.<sup>20</sup> The resulting partnerships with grower and conservation groups have already seen progress:

- **The Nature Conservancy** – Currently conducting paired watersheds studies. Partnerships were created with growers, landowners, government agencies, communities and others in each watershed.
- **Iowa Soy Association (ISA)** – 78 producers were engaged in planning 3-phase water monitoring as part of ISA's Certified Environmental Management Systems for Agriculture.
- **Delta Wildlife** – Installed 334 water control structures. Results have shown reductions in sediment, phosphorus and nitrogen where controls were installed.
- **National Audubon Society** – This project focuses on teaching homeowners to be good stewards of their property by using nutrients judiciously, installing rain gardens, and using other methods to retain nutrients and water.





# Investing in the Future of Ag Youth

**Monsanto is committed to guiding young people on their quest to become tomorrow's Ag leaders.**

**W**e believe it's important that future generations have the knowledge and tools they need to make agriculture more sustainable. That's why we work with organizations that help prepare today's young people to become tomorrow's leaders in feeding, fueling and clothing the world.

opportunities, FFA students learn about opportunities in agriculture and develop the skills necessary to capitalize on them.<sup>21</sup>

**We support nearly 500,000 FFA members, in more than 7,000 chapters in all 50 states.**



## **National FFA Foundation**

Monsanto is a Platinum Star Sponsor of the National FFA Foundation, which was founded in 1928 as the Future Farmers of America. Through supervised projects, career development events and leadership

**Iowa:** In 2009, Monsanto helped open a new Ag learning center in Muscatine, Iowa, to give students hands-on experiences with all aspects of modern farming. Monsanto has been involved in the Muscatine community for several years, inviting students to tour its facility, demonstrating planting techniques in plots, and helping more young people see agriculture as a future career.<sup>22</sup>

**Ohio:** Students from an Ohio FFA chapter took part in Monsanto's U.S. Licensing Division's 2010 Seed Partner Meeting in Columbus, Ohio. At the event, students were able to interact with many potential employers. Monsanto also presented the Ohio FFA Foundation with a grant of \$3,000.

## 4-H

Monsanto supports 6.8 million youth, ranging in age from 5 to 21, who are involved in 4-H programs annually. The National 4-H Council is a youth organization administered by the U.S. Department of Agriculture that focuses on citizenship, healthy living, and science, engineering and technology programs. For many of our employees, 4-H was an important part of their early experiences, and they have positive recollections.

4-H is part of the Cooperative Extension System, which conducts programs in all 3,067 counties of the United States, District of Columbia, Puerto Rico and 5 territories. It represents a partnership between the U.S. Department of Agriculture, state land-grant universities and local county governments.<sup>23</sup>



## Supporting Rural Communities

### America's Farmers Grow Communities

In 2009 and early 2010, Monsanto developed a pilot program, called America's Farmers Grow Communities, to support farming communities. The program allowed farmers to register to win \$2,500 for a local nonprofit civic organization of their choosing. It resulted in nearly \$500,000 in donations for local organizations, such as FFA chapters, 4-H clubs, fire departments, community centers and schools.<sup>24</sup>

For the remainder of 2010, the project is being piloted by the Monsanto Fund for farmers residing in eligible counties in California, Kansas, Nebraska, North Carolina, Ohio, South Carolina and South Dakota.



OVER THE PAST  
**10 YEARS**  
MONSANTO HAS  
DONATED CLOSE TO

**\$1.5**  
MILLION

IN  
**SCHOLARSHIPS  
AND AWARDS**<sup>25</sup>

## Scholarships and awards

Monsanto offers a variety of scholarships that recognize, reward and encourage students to continue their education in fields related to agriculture. We seek out exceptional students who have long-term career interests in agriculture.

## Developing the next generation of wheat and rice researchers

**Monsanto's Beachell-Borlaug International Scholars Program** is the result of our pledge in 2008 to provide \$10 million to improve yields in rice and wheat crops – part of our commitment to sustainable agriculture.

The program is named in honor of 2 of the world's most pre-eminent rice and wheat breeders: Drs. Henry Beachell and Norman Borlaug. Their work laid the foundation for the tremendous increases in rice and wheat production that continue to help feed the world today.

The program:

- Is open to students worldwide who are seeking a Ph.D. in rice or wheat plant breeding.
- Provides a generous student stipend, tuition, applicable fees, health insurance, research fees and travel, and funds for the collaborating institution and advising professor.
- Supports projects that allow students to develop advanced breeding techniques and conduct field work in a developing country.

Through this program, in 2009-2010 we awarded scholarships to 26 students who

are pursuing a Ph.D. in rice or wheat plant breeding. The students hail from 16 countries: Argentina, Bangladesh, Brazil, China, Colombia, Ethiopia, India, Iran, Italy, Kenya, Mexico, Nepal, the Philippines, Syria, the United Kingdom and the United States.<sup>26</sup>

## The next generation of papaya and sweet potato researchers in Asia

Stan Flasiniski, a Monsanto researcher in St. Louis, collaborated with local nonprofit research teams in Vietnam, Indonesia, Thailand, India, the Philippines and Malaysia to create viral-resistant papaya and sweet potato varieties. His work raised the researchers' abilities to transform crops, address regulatory needs, conduct biosafety risk



assessments, manage intellectual property and increase regional networking. Now these countries have greater capacity to practice viral control in the field. This project is a model for additional disease collaborations that affect small acreage, subsistence crops essential to many Asian communities.

# Making a Difference Through Philanthropy

**Monsanto is dedicated to working with local and international groups to improve lives in the communities where farmers live and work.**

**W**e are committed to farmers and to those living in farming communities, who often have fewer resources than people living in urban areas. The Monsanto Fund, the philanthropic foundation of Monsanto Company, strives to bridge the gap between community needs and resources by working with local and international groups to improve the lives of those who depend on agriculture.<sup>27</sup>

## Combating hunger in Mexico

**The Backyard Food Production Program**, part of the Instituto para el Desarrollo de la Mixteca (IDM), educates families on nutrition and helps combat hunger by teaching them how to grow their own food. With a \$100,000 grant from the Monsanto Fund, this program educates families and provides resources to help them grow and raise healthy foods.

## Improving habitat along the Mississippi River

**Trailnet** promotes healthy people, communities and environments by working to improve the habitat along the Mississippi River near St. Louis. With \$10,000 from the Monsanto Fund, volunteers worked with the Confluence Partnership to plant native grasses and plants along the riverfront to restore



native habitats. The project also helps volunteers, especially those from resource-poor neighborhoods, learn more about the connection between their lives, homes and a healthy environment.

**With more than \$30 million distributed in 2008-2009, the Monsanto Fund supported more than 600 philanthropic projects.**

## Building better schools in Indonesia

A school in the Sumberwono village of Indonesia underwent major renovation thanks to \$60,000 donated by the

Monsanto Fund to **Habitat for Humanity**. The building is now earthquake-resistant and better equipped to facilitate learning. The project was completed with involvement and support from the community.

## Increasing nutrition in Burkina Faso

Poverty is an enemy that people face around the world each day. Africare, armed with a \$400,000 grant from the Monsanto Fund, is challenging poverty in Burkina Faso. Through **Houet Agriculture and Nutrition Alternatives for Revenue Producers**, Africare educates farm families on the importance of seed choice, animal production and nutrition. Participants in the program have access to microcredit for equipment, such as water pumps, that is essential to increasing productivity. Africare also educates women who prepare food for their families on ways to increase the nutritional value of native foods.



A man and a woman are standing in a cornfield during the golden hour of sunset. The man, on the left, is wearing a plaid shirt and jeans, and is holding a cob of corn. The woman, on the right, is wearing a dark jacket and light-colored pants, and is looking at the corn. The corn stalks are tall and golden-brown, and the overall scene is bathed in warm, golden light.

**We're eager to learn from the experiences of others and encourage new ideas in corporate social responsibility.**





# Leading Responsibly by Turning Values into Actions

**Monsanto's Pledge compels us to listen more, consider our actions and lead responsibly. It helps us convert our values into actions and make clear who we are and what we champion.**

**We are also a company committed to the values of corporate governance. Corporate governance is an important part of how we conduct ourselves every day.**

**Our business decisions are guided by the core tenets described in the Monsanto Pledge, our corporate governance guidelines as well as the charters of our Board of Directors and its committees. The people of Monsanto are committed to the principles of a sound corporate governance program and fulfilling our commitments.**



# Committed to Corporate Governance

**Monsanto and its employees are committed to the highest ethical standards and effective governance procedures.**

**M**any factors contribute to the effectiveness of our corporate governance.

Active oversight of our business is provided by our board and its committees, including the Sustainability and Corporate Responsibility committee.

material relationship with Monsanto. In 2009-2010, all Monsanto board members except the Chief Executive Officer were determined to be independent.<sup>28</sup> Our directors also receive ongoing training and education to enhance the breadth and depth of their knowledge about our company and industry.

## Shareowner and stakeholder dialogue

Monsanto regularly meets with investors to discuss corporate governance and other areas of interest. We also meet regularly with stakeholders in several grower and industry advisory councils. And interested parties may contact our board directly through our website at [www.monsanto.com](http://www.monsanto.com).

## Promoting transparency

We make information about our policies and practices readily available. Resources such as this Sustainability



## An independent, well-informed board of directors

Our board charter requires that no more than 2 board members may be non-independent based on criteria set by the New York Stock Exchange (NYSE). For a director to be considered independent, the board must confirm that the director has no direct or indirect



and Corporate Responsibility Report and our corporate website include information on our corporate governance and ethics policies.<sup>29</sup>

**It is our priority to provide appropriate resources and training to all of our employees so that we continue to follow the highest standards of business practices.**

### **Focusing on employees**

Monsanto employs more than 20,000 people, many of whom are new to the company in the past five years. We've made it a priority to provide appropriate resources and training to all of our employees so that our company continues to adhere to the highest standards of business practices.

## Joining the United Nations Global Compact

In September 2009, Monsanto joined the United Nations Global Compact to further our commitment to corporate social responsibility.<sup>30</sup> The United Nations Global Compact is a strategic policy initiative for businesses that are committed to aligning their operations and strategies with 10 universally accepted principles commonly associated with socially responsible business conduct:



### **Human Rights**

1. Businesses should support and respect the protection of internationally proclaimed human rights; and
2. make sure that they are not complicit in human rights abuses.

### **Labor**

3. Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;
4. the elimination of all forms of forced and compulsory labor;
5. the effective abolition of child labor; and
6. the elimination of discrimination in respect of employment and occupation.

### **Environment**

7. Businesses are asked to support a precautionary approach to environmental challenges;
8. undertake initiatives to promote greater environmental responsibility; and
9. encourage the development and diffusion of environmentally friendly technologies.

### **Anti-Corruption**

10. Businesses should work against corruption in all its forms, including extortion and bribery.

We are active in the United Nations Global Compact. We are eager to learn from the experiences of others and want to encourage new ideas in corporate social responsibility. At the United Nations Global Compact Leader's Summit held in June 2010, Monsanto CEO Hugh Grant led peers in business, civil society and governments in a discussion on how to best encourage sustainable corporate practices worldwide.

*See pages 50-51 for more information related to our Communications on Progress.*



# Empowered Through Integrity

**Monsanto's Code of Business Conduct empowers our employees to demonstrate integrity in all business operations. It clarifies our expectations by presenting employees with guidelines for ethical behavior.**

**M**onsanto is a great place to work in part because we encourage employees to do things the right way. **The Monsanto Business Conduct Office (BCO)** provides support for employees as they

**Monsanto employees apply the Code of Business Conduct at work and in the marketplace.**



consider ethical and legal issues, including anti-trust matters, conflicts of interest, giving and receiving gifts, entertainment and compliance with import/export laws. The BCO websites include resources on these and other business conduct topics.<sup>31</sup>

Employees can contact the BCO either anonymously, where allowed by law, or in a confidential manner. When the BCO receives allegations of business misconduct, it shepherds all such allegations through the Core Response Team process – a cross-functional team of senior leaders from the BCO, internal audit, human resources, global security, law, IT security and commercial. This process assures transparency and consistency in how we review and manage business conduct-related matters. Employees can also receive guidance through our Request for Guidance process. The BCO reviews the request and, when appropriate, assigns experts to perform additional research. Ultimately, our goal is to provide employees with timely, accurate and complete responses to their requests.

# Ethical Dilemmas Can Occur Unexpectedly – Prepared Employees Know How to React

## Training

The **Monsanto Business Conduct Office (BCO)** strives to ensure that employees are well-equipped to exercise good judgment and make sound decisions relating to business conduct matters. It provides computer-based training, town hall presentations and – in some cases – one-on-one training to employees.

## Ethical Moments video series

This program uses short videos to help employees recognize potential business conduct challenges and to prepare them to apply the principles of our Code of Business Conduct in real-life situations.<sup>32</sup>

## Global support

Strong regional business conduct working groups support the global BCO, enabling us to effectively assess local business conduct challenges and emerging needs. Regional working groups are trained and empowered to respond to allegations of misconduct and to local requests for guidance.

## Keeping connected

**Monsanto Connection**, our internal online news portal, keeps employees current on business conduct developments, including case studies, news stories and updates to Monsanto's best-in-class compliance program.





# Innovation Is the Core of Success

**Over the past decade, Monsanto's innovative products have given farmers more ways to make agriculture more sustainable by increasing crop yields, reducing the need for pesticides and conserving natural resources. The result is a better quality of life for farm families and the people who depend on them.**

**Licensing enables new products and delivers substantial value to farmers, business partners and the public.**

All seed companies, including Monsanto, need to produce seed based on farmer demand. We care about farmers' interest in choosing the brands, genomics and traits that they prefer to plant on their farms, which is why we license our technologies broadly to business partners. We believe our licensing approach has made more choices available to farmers.

The way we license our inventions

allows other seed companies to access our latest and most innovative products for sale in their brands, while not limiting their ability to continue to sell or begin selling other competing traits.<sup>33</sup> For example, a company licensing *Genuity Roundup Ready 2 Yield* Soybeans may continue to sell and market first-generation *Roundup Ready* soybeans and may elect to in-license and sell other soybean traits as well.

## “Stacked” Traits: Flexibility for Farmers and Business Partners

Companies may create stacked products under the terms of their agreements with us. For example, Pioneer stacks the *Roundup Ready* trait with STS in soybeans and also with Plenish in soybeans. For corn, Pioneer and Mycogen stack Herculex corn with our *Roundup Ready* trait.

In addition, the world's most widely adopted biotech trait, *Roundup Ready* soybeans, is set to go off patent in the United States in 2015. The transition of *Roundup Ready* soybean technology into the public domain provides a means for public access to this technology.

### ***Genuity Roundup Ready 2 Yield***

In 2009, we introduced the *Genuity Roundup Ready 2 Yield* trait. In 2009 and 2010 trials, varieties with this trait

yielded more than the competitive *Roundup Ready* varieties. Looking ahead, 4 new traits (dicamba tolerance, intrinsic yield, improved oil quality, and Omega-3) are planned to be stacked on the *Genuity Roundup Ready 2 Yield* platform.

Monsanto-owned seed brands will be wholly focused on the *Genuity Roundup Ready 2 Yield* platform by *Roundup Ready* patent expiration. Farmers and seed companies will have the opportunity to make their own decisions about the value of *Genuity Roundup Ready 2 Yield* Soybeans compared with *Roundup Ready* soybeans. This system motivates individuals and companies to invest in new technologies that make farmers more competitive.

# Excellence Through Stewardship

**Farmers who use Monsanto's technology expect products that are safe and environmentally responsible. We are committed to our legal, ethical and moral obligations to ensure that they are – from concept to discontinuation.**

**O**ur approach to product stewardship is grounded in the principles of the Monsanto Pledge – our commitment to integrity, dialogue, transparency and sharing.

## Monsanto Product Stewardship Award of Excellence Program

Launched in 2009, the Monsanto Product Stewardship Award of Excellence program recognizes Monsanto employees for outstanding stewardship achievements that have contributed to our business success. In 2009, more than 100 projects, involving more than 500 people, were nominated. Thirteen projects were recognized as superior examples of product stewardship, including the *Roundup Ready* canola launch in Australia.

*Roundup Ready* canola was successfully commercialized in Australia after two states – New South Wales and Victoria – lifted bans on biotech foods. The team collaborated with seed licensees, grain handlers, and other partners to establish a stringent stewardship program that included weed resistance management and compliance with continuing restrictions on biotechnology in 3 other states.

This project and several others underscore the importance of delivering on our commitment to product stewardship, which is fundamental to the success of our customers and their crops, the environment and the industry at large.

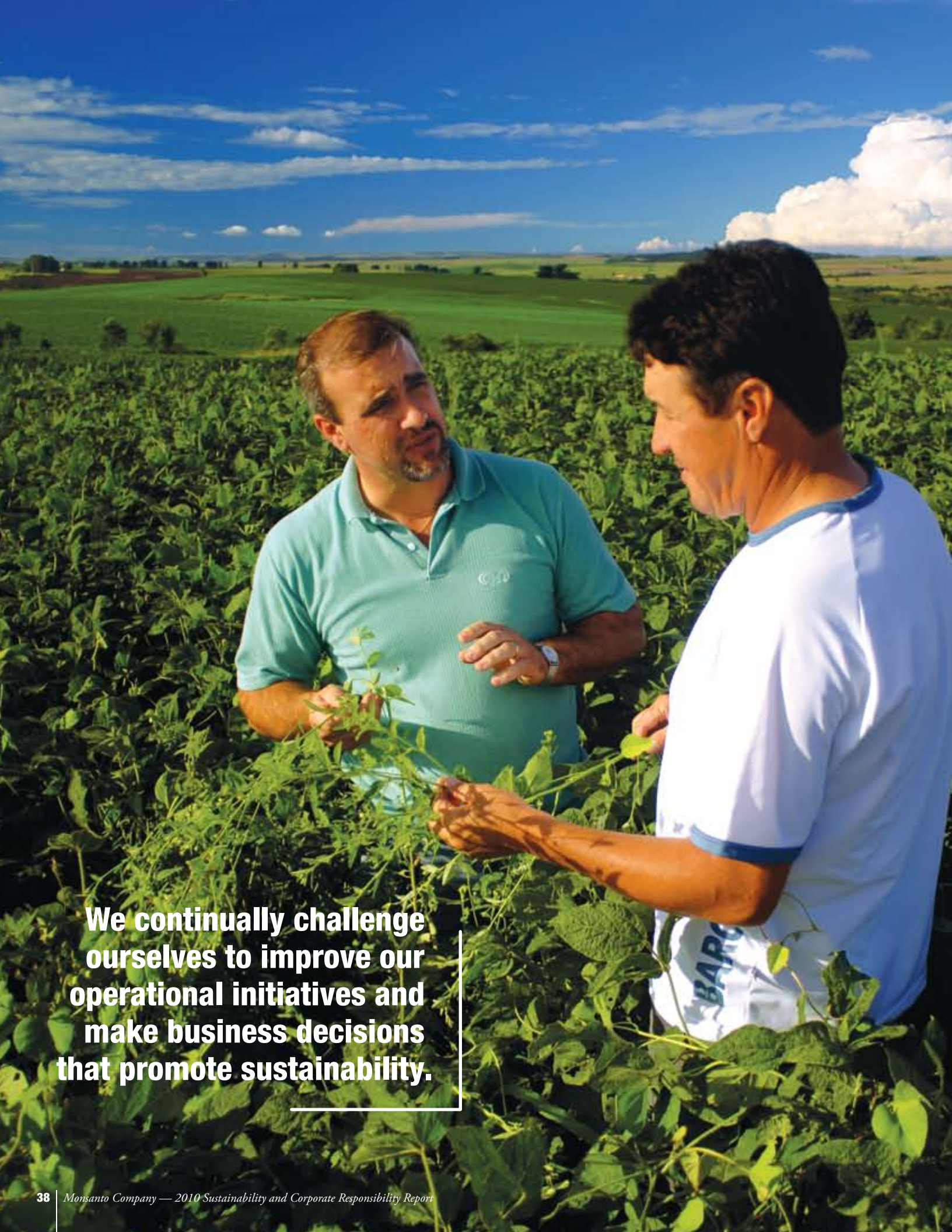


**We're committed to integrity, dialogue, transparency and sharing.**

Our Product Stewardship efforts are supported by Excellence Through Stewardship, an industry-wide effort and an affiliate of the Biotechnology Industry Organization (BIO).<sup>34</sup>

Excellence Through Stewardship is the first industry-coordinated initiative to provide stewardship and quality management programs for the full product life cycle. The program includes third-party auditing of member product stewardship policies and quality management systems, including our own initiatives.





**We continually challenge ourselves to improve our operational initiatives and make business decisions that promote sustainability.**





# We Work Hard to Improve Performance

**From our headquarters in St. Louis, Missouri, to our sites around the world, Monsanto is focused on supporting farmers and making agriculture more sustainable.**

**We have an ongoing commitment to our employees, to human rights, to safety and to environmental efficiency and protection. All these efforts make our operational initiatives stronger while we continue to invest in sustainable agriculture.**



# Our People Are Our Most Valuable Resource

**Our employees around the world are focused on farmers and making their contribution to sustainable agriculture.**

**M**onsanto views our people as our most important resource. Our business culture encourages people to reach their full potential, both professionally and personally. We believe in a team-oriented, nonhierarchical work environment that brings out the best in each person and allows employees to contribute from day one.

## Helping people reach their full potential

To advance as a company, we believe it's essential to help employees advance as individuals. We provide first-class programs and opportunities for employees that support both professional and personal growth.

Our Development, Performance and Rewards (DPR) process helps our people deliver exceptional business results through continuous personal growth and development, clarity of performance goals and competitive rewards. The system enables meaningful feedback, tracking and maintenance of performance records and goals, and encourages development and performance discussions at all levels of the organization.

Other development programs include people reviews and succession planning, tuition reimbursement and various training opportunities. We also encourage the continuous growth of our employees through a range of internal

and external seminars and conferences that increase their technical, professional and managerial skills.

## Promoting open dialogue

Transparent communication is at the core of Monsanto. Open communication starts at the top with our Chairman, President and CEO, Hugh Grant, who believes in open communication lines with all employees. We facilitate open communication through Global Town Halls, Executive Team Morning Briefings and on Monsanto Connection, our award-winning intranet site.

We strive for high levels of employee engagement, which we believe links directly to effort and performance. We measure engagement through an annual organizational survey, which helps our company understand employees' perceptions of their jobs. This year 90 percent of all employees participated in the survey. We're proud that we have a highly engaged workforce year after year.

## Diversity is essential to success

We see tremendous value in the diverse backgrounds of our people, who work together to find creative solutions to complex problems. Monsanto operates in more than 60 countries and we want our work to reflect and respect the cultures,



ideas and interests of all the customers we serve and all the communities we touch.

To encourage diversity, Monsanto sponsors several employee diversity networks. These groups include networks for people of African, Asian and Latin heritage; women; gay, lesbian, bisexual and transgender employees; families; veterans; and people with disabilities. The vision of our diversity networks is to create and sustain an inclusive and winning environment for all of our employees.

## Diversity recognition

Monsanto has been recognized for our efforts in diversity and inclusion. We were named among the top companies to work for by DiversityInc, the Human Rights Campaign, and *Working Mother Magazine* in their annual rankings. Additionally, B'nai B'rith International, one of the world's oldest and most widely known Jewish advocacy organizations, honored Monsanto with the International Distinguished Achievement award on Diversity and Inclusion for our commitment to education and promoting tolerance within the workplace.

**Monsanto has been nationally recognized for its diversity and inclusion efforts.**

## Global Employee Statistics, 2009

World Area	EXECUTIVES	SR. MANAGERS	MANAGERS	SALES	OTHER	TOTAL
Brazil	2	37	117	253	2,155	2,564
Canada	0	14	37	64	145	260
China	2	8	8	30	136	184
Europe/Africa	10	64	107	380	3,640	4,201
India	1	18	53	228	500	800
Latin America N.	2	18	56	100	1,704	1,880
Latin America S.	3	31	55	77	987	1,153
United States	151	661	901	963	8,059	10,735
<b>Total</b>	<b>171</b>	<b>851</b>	<b>1,334</b>	<b>2,095</b>	<b>17,326</b>	<b>21,777</b>

Turnover	
Voluntary	3.5%
Involuntary	5.2%
Retirement	0.5%
<b>TOTAL</b>	<b>9.2%</b>

Age	
Under 25	4.6%
25 to 34	32.4%
35 to 44	30.0%
45 to 54	22.0%
55 to 64	9.8%
65 and older	1.2%

<b>Women</b>	<b>31.3%</b>
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<b>People of Color (U.S. only)</b>	<b>22.4%</b>
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<b>Base Pay (median)</b>	<b>\$49,800</b>
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Hire Rate	
New Hire	12.3%
Rehire	0.7%
Temp to Regular	1.0%
<b>TOTAL</b>	<b>14.0%</b>

Tenure	
Under 2 years	23.5%
2 to 5 years	25.7%
6 to 10 years	18.5%
11 to 15 years	14.1%
16 to 25 years	11.1%
25+ years	7.0%

## Benefits and rewards

Monsanto's compensation and benefits philosophy is to provide a competitive total rewards program to attract and retain the most talented people and foster a strong sense of ownership in the company.

We offer highly competitive pay and benefits around the world, excellent development opportunities and a great working environment. Our annual incentive program is tied to performance at individual, team and business levels. Growth shares and stock options provide ownership opportunities and reward collective results.

Employee benefits are also an important part of our total compensation program. Our plans vary by country but all are designed to meet employee needs while keeping Monsanto competitive. We provide

our employees health care coverage that ensures access to quality and affordable health care and resources to support their choices for healthier, more productive lives. In the United States, we maintain a savings and investment plan and a cash-balance pension plan as tools for employees to prepare for retirement. We also offer our WealthGard financial planning program to help employees reach their financial goals.

It's important that employees have the flexibility they need to balance work and personal life. Monsanto's U.S. vacation schedule gives full-time employees four weeks in their third calendar year of service, in addition to 13 or 14 holidays a year. Benefit packages vary from country to country.<sup>35</sup>



# Promoting Human Rights Around the World

**Monsanto's seed production operations afford it the opportunity to protect and advance human rights for its seasonal workers, employees and business partners.**

**“As an agriculture and technology company committed to human rights, we have the opportunity to protect and advance human rights. We have a responsibility to consider not only how our business can benefit consumers, farmers, and food processors, but how it can protect the human rights of Monsanto's employees and of our business partners' employees.”**

Hugh Grant,  
*Monsanto Chief Executive Officer*

**A**ll people are entitled to basic rights and freedoms. In 2006, Monsanto adopted a human rights policy guided by the Universal Declaration on Human Rights and the International Labor Organization's Declaration on Fundamental Principles and Rights at Work.<sup>36</sup>

## Promoting human rights within Monsanto

Since adopting our human rights policy, we have undertaken a multi-year program to raise employees' awareness and knowledge about human rights. Every Monsanto employee receives a copy of the policy and is required to complete human rights competency training. In 2007, we published a Human Rights Employee Guidebook in 30 languages to guide employees on how to apply the policy.

Our latest human rights training module, released in 2010, was completed by 99 percent of employees (more than 19,000 people) within two months. We also created a network of Human Rights Champions to promote the advancement of human rights around the world. These employees help identify and adopt best practices in human rights and guide the process whenever Monsanto or a business partner faces human rights challenges.

## Promoting human rights with our business partners

Our business partners operate in 36 countries and include tens of thousands of seed producers and their employees. These producers range in size from smallholder farmers with less than one acre to large-scale farmers with more than 1,000 acres.

Because our supply chain varies by country and seed crop, we conducted a global risk assessment with the help of outside experts to prioritize our human rights work. This assessment looked at the areas covered by the human rights policy and ranked our country operations in terms of potential for risk of specific human rights concerns.

The result is an ongoing dialogue with our seed producers on human rights. Our goal is to raise awareness and set expectations on human rights issues relating to their workers. Each seed producer receives information about our policy. Communication materials and the policy itself are available in 30 languages. We track our work with seed producers and help measure improvements using a database of communications and assessment activities for all of our business partners.

## Promoting human rights with industry members

Monsanto began a dialogue with other multinational companies to develop a position paper on reducing child labor in agriculture, with the encouragement of investors and nongovernmental

organizations. With CropLife International as the facilitator and members of the International Labor Organization, UNICEF and the Fair Labor Association participating, the companies aligned on this significant industry issue. On June 12, 2009 – World Day Against Child Labor –

CropLife released the position paper, which states that all CropLife member companies are committed to continuously working toward the complete abolition of child labor within their respective spheres of influence.<sup>37</sup>

# Promoting Human Rights with Business Partners in India

In 2006, Monsanto began working with 2,150 business partners to eliminate the widespread use of child labor in India's cotton seed-production industry. In 2009, the number of participating business partners grew to 10,350 seed producers.

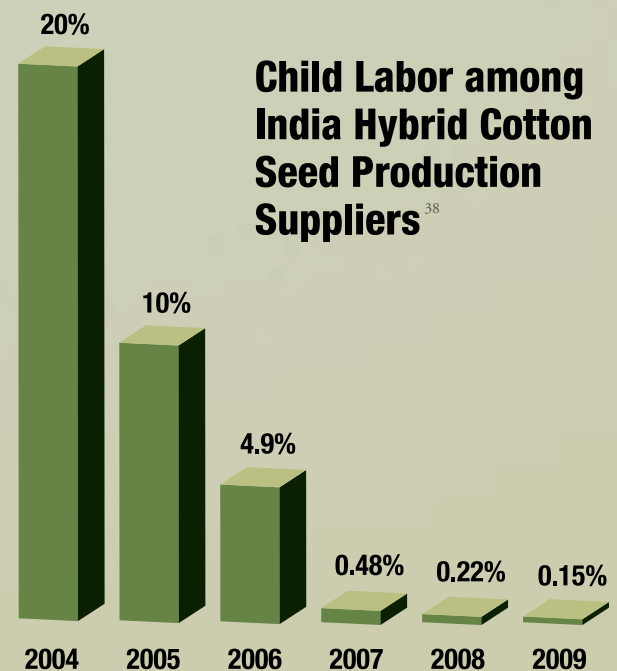
At the core of this ongoing effort are anti-child labor awareness campaigns, including community meetings, flyers, billboards and a door-to-door outreach program. These campaigns encourage villages to unite against child labor through participation in our Model Village Program. To achieve Model Village status, every Monsanto seed producer in the village must achieve child-labor-free status. In 2009, we celebrated the recognition of 9 Model Villages, almost double the number in 2008.



Model Villages receive a donation from Monsanto to improve their local schools. Individual seed producers who comply with our anti-child labor policy, as verified by independent, third-party monitors, are eligible to receive financial incentives. Both incentive types have been successful in helping eradicate the use

of child labor by our Indian cotton seed producers. Of more than 10,000 seed producers in 2009, only 153 failed to qualify for the financial incentive.

Within the past 6 years, the percentage of child labor within our supply chain for India hybrid cotton seed production has decreased from about 20 percent to less than 1 percent.<sup>38</sup> This accomplishment led an independent panel of external judges to select the India Cotton Initiative as its 2010 Judge's Choice Monsanto Sustainable Agriculture Pledge Award recipient.





# Safety Performance: A Monsanto Success Story

**In 2009, Monsanto achieved one of the best injury and illness performance records in the company's history—a total recordable rate of 0.68. Our locations around the world have been recognized as leaders for their commitment to safety.**



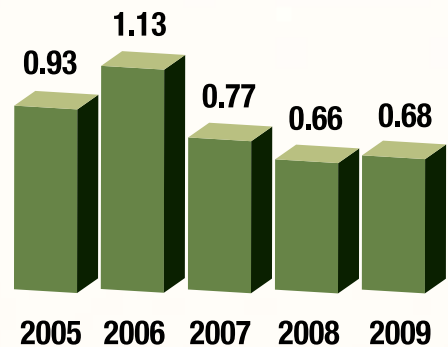
**L** launched in 2008, our Off-the-Job Safety program (OTJS) integrates safety into the culture of our employees.<sup>39</sup> Approximately 11,000 Monsanto employees responded to a voluntary OTJS survey conducted in 2009 which helped guide the program development and establish its focus areas. This survey was developed at our request and is now commercially available for other companies to use. Monsanto was also instrumental in establishing and leading an OTJS leadership forum with John Deere & Co., Disney, and the U.S. Army and Air Force. The forum leverages the expertise of these employers that are focused on improving the safety of their employees and their families, as well as their communities and customers.

## Achieving VPP Star status

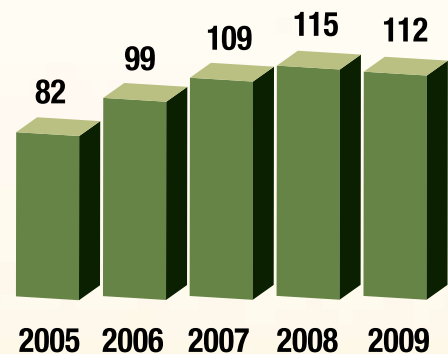
We have a program to certify sites for safety performance. Our sites can earn the certification only by strict compliance with our safety standards. In the United States, these high-performing sites have also been certified by the U.S. Occupational Safety and Health Administration (OSHA) and awarded its Voluntary Protection Program (VPP) Star.

Over the past several years, all Monsanto seed production and R&D sites have undertaken the goal of achieving VPP Star status, or the equivalent certification at international sites. More than 75 percent of our seed sites have attained this goal.

## Monsanto Companywide Injury/Illness Rate (TRR)



## Monsanto Star Sites



## Monsanto Employee Health and Safety Training Programs

- CPR
- Emergency Preparedness
- Environment, Safety & Health
- First Aid
- Health and Wellness
- Off-the-Job Safety
- Pandemic
- Process Safety
- Vehicle Safety
- Workers' Protection Program

## Exemplars of occupational safety

OSHA's VPP Participants' Association recognized our Luling, Louisiana, manufacturing plant for outstanding safety performance in 2008. Luling received the highest regional VPP recognition, the Super Star among Stars. Our Isabela site was recognized by the Puerto Rico Manufacturers Association for safety. And our Clarion, Iowa, site received the Safety Leadership Award from the National Safety Council for 5 consecutive years with no injury or illness resulting in days away from work.

In Brazil, our Camaçari site was selected as Monsanto's first Safety & Health Excellence site, this highest level of distinction focuses on enhancing the ongoing reliability and resource efficiency of star systems that support business objectives, while furthering safety and

health performance.

We have also taken many steps to improve conditions for seasonal agricultural workers by providing better housing, safer transportation and safe drinking water.

## Safety in communities

In addition to the safety of our work force and families, we value the safety of the communities in which we operate. Recognizing the importance of process safety management systems, we strive to improve those systems continuously.

A Process Safety Leadership Team and a management review system monitor process safety systems across our operations. A Process Safety Technical Team composed of representatives from each of our chemical manufacturing sites meets regularly to share process safety information and to identify and promote good practices.

We are an active member of the Center for Chemical Process Safety (CCPS) and have adopted the process safety metrics recommended by CCPS.<sup>40</sup> These indicators are used to track the number and severity of releases of hazardous chemicals. Other process safety metrics are used to monitor performance of key process safety systems, such as action item follow-up, mechanical integrity, management of change and process safety training.

## World-class vehicle safety program

We take employee vehicle safety seriously. Our on-the-job accidents per million

miles (APMM) of 3.3 in 2009 was a record low for Monsanto. This improved performance is also while we continue to drive more miles – driving 185 million miles in 2008 vs. 149 million miles driven in 2007. Each year, all of our employees who drive complete an online driver's awareness training module, and employees who spend extensive time

## Vehicle Accidents per Million Miles



driving are required to complete behind-the-wheel training.

On the job, Monsanto has a mandatory safe-driving policy. The policy covers all employees in company vehicles and all employees in personal or rental cars on company business. Seat belts are required for the driver and all passengers, whether the driving is done on a public road, a company site or a farm. The use of handheld cellular phones or other handheld devices when driving company vehicles or driving on company business is prohibited.



# Improving Environmental Efficiency, Performance and Protection

**Monsanto is committed to improving our environmental efficiency and performance in the communities in which we work and to investing in environmental protection around the world.**

In 2006, we joined the Chicago Climate Exchange (CCX), a North American greenhouse gas emissions reduction, registry and trading program.<sup>41</sup> As part of the agreement, we agreed to reduce direct carbon emissions from major U.S. operations in 2010 by 6 percent

agriculture. This practice can sequester carbon in the soil as plant biomass. One such effort has been a partnership with AAPRESID, the Argentine association of no-till farmers, to promote a system that encourages no-till and other sustainable agricultural practices in Argentina. This system was designed to improve business management practices and to optimize agriculture resource use efficiency. It also helps farmers learn the benefits of many agricultural practices, including soil management, crop rotation, integrated pest management, efficient and responsible agrochemical management and strategic crop nutrition.<sup>42</sup>

## Investment in environmental protection

Our commitment to environmental protection includes compliance and long-term environmental protection programs that monitor and reduce emissions of potentially hazardous materials into the environment, as well as the remediation of identified existing environmental concerns. All operations are subject to environmental laws and regulations of the jurisdictions in which they operate.

In addition to compliance obligations at Monsanto-owned manufacturing locations and offsite disposal facilities, under the terms of the September 2000



below the 2000 levels, or to purchase carbon emission offsets.

We have also been working with farmer groups to reduce atmospheric carbon dioxide by encouraging no-till

**In 2006, Monsanto joined CCX, a greenhouse gas emissions reduction, registry and trading program in North America.**

separation agreement with Pharmacia, Monsanto is required to indemnify Pharmacia for environmental and certain other liabilities related to its former agricultural and chemicals businesses.<sup>43</sup> We maintain a reserve for the estimated liabilities related to environmental and other indemnification obligations to Pharmacia, as well as to environmental and litigation liabilities related to the business. On August 31, 2009, the reserve's balance was \$262 million.

Monsanto currently has financial responsibilities at various environmental sites and in various stages of environmental management. At some sites, work is in the early stages of assessment and investigation; at others, the cleanup remedies have been implemented and the remaining work consists of monitoring the integrity of that remedy. No single site represents more than half of the environmental liability.<sup>44</sup>

### Case Study:

## Reducing Waste at Loiret Semences

The Loiret Semences site, located in France, is a major supplier for Monsanto's vegetable protected-culture business, which includes tomatoes, peppers, cucumbers and eggplants. Site employees developed a novel way to reduce energy demand.

While the extraction process for harvesting seeds used at the site complied with French legislative requirements for disposal, it still resulted in organic waste. Also, as customers demanded more product availability, the team also faced increasingly higher energy costs.

Recognizing that energy demand and waste could be reduced, the team focused on finding a new way to regulate greenhouse temperature. Collaborating with customers, the Loiret Semences team developed a heat exchanger system. During the day, pumps generate cool water, which is distributed to the greenhouses. The energy released during this process is captured to create warm water used to heat the greenhouses overnight.

To address the organic waste issue, the team developed a broad water infrastructure to capture and dispose of waste in water reservoirs. This water infrastructure also formed the basis for the creation of an extensive lagoon that can be used to decompose leftover organic seed waste. Now the water infrastructure provides a fully natural waste management solution. Today, high quality seeds are produced with less energy and create no external water pollution.

This is just one of many examples of how we are committed to long-term environmental protection and compliance programs that reduce and monitor emissions of materials into the environment.





# Monsanto Environmental and Economic Performance, CY 2009

<b>Economic Performance</b> <sup>45</sup> FY 2009 (in millions)	
Net Sales	\$11,724
Cost of Goods Sold	\$4,962
Operating Expenses	\$3,659
Interest Expense	\$129
Interest Income	(\$71)
Dividend Payments	(\$552)
Income Tax Provision	\$845

The eco-efficiency reporting method used on the following pages was developed in cooperation with the World Business Council for Sustainable Development. The system permits comparisons of new data to the baseline data from calendar year 2000. Product data (for example, energy use and material consumption) is recorded both by total amounts and by environmental influence per unit of output. Ozone-depleting substances are not graphed, because the total is too small to be statistically significant.

## Units and Substances Key

GJ	= gigajoules
kgs	= kilograms
m <sup>3</sup>	= cubic meters
mgal.	= million gallons
mt	= metric tons
CO	= carbon monoxide
CO <sub>2</sub>	= carbon dioxide
NaOH	= sodium hydroxide
NO <sub>x</sub>	= nitrogen oxides
O <sub>2</sub>	= oxygen
PO <sub>4</sub>	= phosphate
SO <sub>2</sub>	= sulfur dioxide

	2007	2008	2009
<b>Direct Energy Consumption (GJ)</b>			
Natural Gas	6,462,660	6,694,710	4,964,782
Oil	94,004	70,543	75,200
Coal	1,623,682	1,467,269	1,232,687
Waste Fuel	2,678,593	2,742,303	2,086,401
Imported Steam	159,737	149,257	120,012
Renewable Energy (seed corn)	74,848	100,904	63,419
<b>Total</b>	<b>11,093,525</b>	<b>11,224,986</b>	<b>8,542,501</b>

<b>Indirect Energy Consumption (GJ)</b>			
<b>Electricity</b>	<b>6,321,092</b>	<b>6,491,228</b>	<b>5,208,220</b>

<b>Raw Materials Consumed (mt)</b>			
<b>Direct Materials</b>	<b>445,479</b>	<b>469,877</b>	<b>351,852</b>
<b>Non-Renewable Materials</b>	<b>2,290,659</b>	<b>2,450,992</b>	<b>1,893,562</b>

<b>Water Withdrawn (mgal.)</b>			
Public Water Supply	523	351	317
Ground Water	3,988	3,903	3,677
Surface Water – Fresh	1,139	1,078	926
<b>Total</b>	<b>5,650</b>	<b>5,332</b>	<b>4,920</b>

*Not included is water contained in incoming raw materials (e.g. NaOH)*

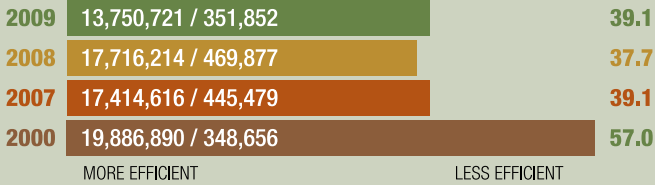
<b>Water Discharge (mgal.)</b>			
Biological Waste Water Treatment	4,009	3,875	3,586
Surface Water – Indirect	323	225	193
<b>Total</b>	<b>4,331</b>	<b>4,100</b>	<b>3,779</b>

<b>Surface Water Quality After Treatment (kgs)</b>			
<b>Biological Oxygen Demand</b>	<b>54,070</b>	<b>51,512</b>	<b>55,943</b>
<b>Chemical Oxygen Demand</b>	<b>2,738,339</b>	<b>2,796,874</b>	<b>2,409,665</b>
<b>Phosphate (PO<sub>4</sub>) Equivalents</b>	<b>1,378,730</b>	<b>956,618</b>	<b>821,939</b>

<b>Other Significant Air Emissions (kgs)</b>			
<b>Particulate Matter</b>	<b>702,505</b>	<b>777,385</b>	<b>482,243</b>
<b>Sulphur Dioxide (SO<sub>2</sub>)</b>	<b>1,816,673</b>	<b>2,327,972</b>	<b>1,988,730</b>
<b>Mono-Nitrogen Oxides (NO<sub>x</sub>)</b>	<b>3,157,147</b>	<b>3,324,975</b>	<b>2,205,644</b>
<b>Carbon Monoxide (CO)</b>	<b>11,470,604</b>	<b>8,491,817</b>	<b>7,786,763</b>
<b>Volatile Organic Compounds</b>	<b>107,398</b>	<b>117,524</b>	<b>106,324</b>
<b>Hazardous Air Pollutants</b>	<b>111,223</b>	<b>115,324</b>	<b>90,785</b>

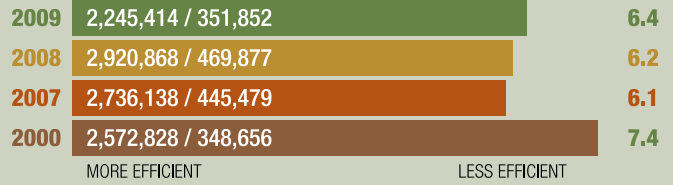
## Energy Consumption

Energy (GJ) / Product Output (mt)



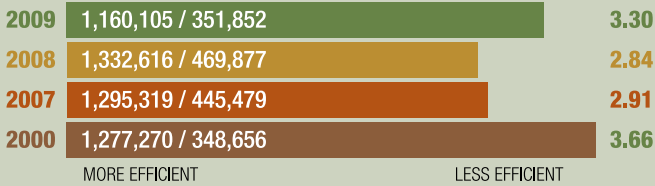
## Raw Material Consumption

Materials (mt) / Product Output (mt)



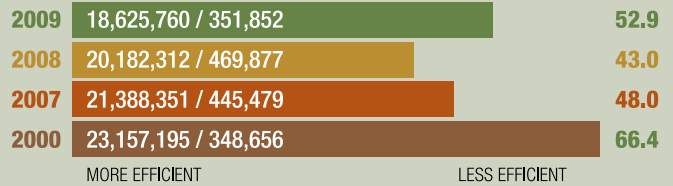
## Direct Greenhouse Gas Emissions

Greenhouse Gases (mt CO<sub>2</sub> Equivalent) / Product Output (mt)



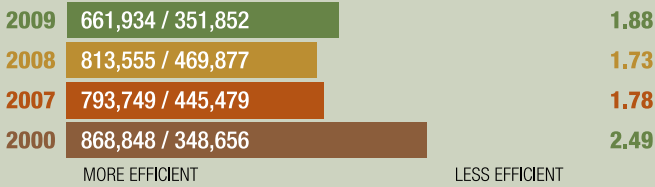
## Fresh Water Consumption

Water (m<sup>3</sup>) / Product Output (mt)



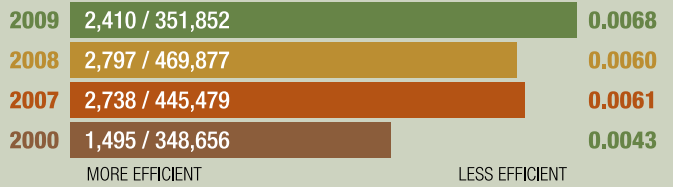
## Indirect Greenhouse Gas Emissions

Greenhouse Gases (mt CO<sub>2</sub> Equivalent) / Product Output (mt)



## Chemical Oxygen Demand (COD)

COD to Surface Water (mt O<sub>2</sub> Equivalent) / Product Output (mt)



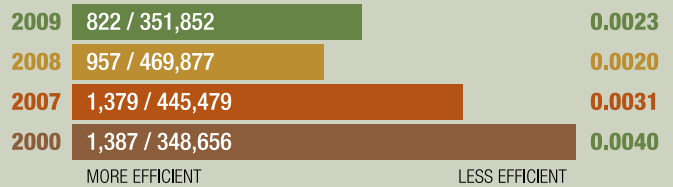
## Acidification Emissions

Emissions (mt SO<sub>2</sub> Equivalent) / Product Output (mt)



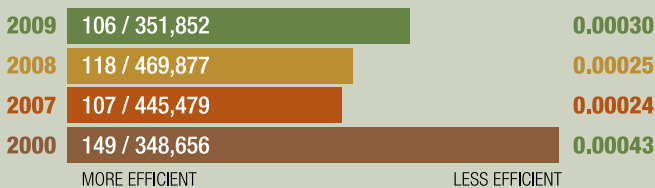
## Eutrophication

Phosphates to Surface Water (mt PO<sub>4</sub> Equivalent) / Product Output (mt)



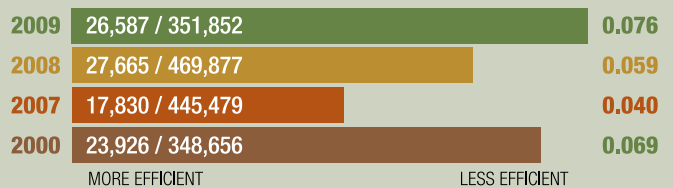
## Photochemical Oxidant Creation

Volatile Organic Compounds (mt) / Product Output (mt)



## Waste Shipped Offsite

Waste (mt) / Product Output (mt)





# Communication on Progress

## Summary, Measures and Results

### Topic: Human Rights

#### Principle 1:

*Businesses should support and respect the protection of internationally proclaimed human rights.*

- Monsanto adopted a human rights policy in April 2006, guided by the tenets of the Universal Declaration of Human Rights and the International Labor Organization's Declaration of the Fundamental Principles and Rights at Work. The policy reflects our commitment to protect and advance the human rights of our employees and our business partners.
- We instituted mandatory companywide training on human rights and annual certifications, and we provide each employee with a copy of our human rights policy and employee guidebook, which are available in approximately 30 languages.
- The Monsanto Business Code of Conduct and Business Conduct Office operate in conjunction with the policy and provide opportunities for anonymous requests for guidance and reporting of alleged violations. The code of conduct has been translated into 25 different languages and is available on our website.

#### Principle 2:

*Businesses should make sure they are not complicit in human rights abuses.*

- Monsanto identifies and does business with partners who aspire to uphold ethical standards in their business conduct consistent with our human rights policy.
- Human rights expectations are set with our seed production partners through written and oral communications and training opportunities. The Business Partner Guidebook describes the policy in more detail and is provided in local languages, including a low literacy version.
- A database is maintained to identify and monitor our human rights communications and assessment efforts with our tens of thousands of global business partners who produce our seeds.

### Topic: Labor Standards

#### Principle 3:

*Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining.*

- Consistent with the express statement in our policy and as restated in our employee guidebook, our employees enjoy the freedom to join or not join labor unions, associations and similar organizations and to engage in collective bargaining.

#### Principle 4:

*The elimination of all forms of forced and compulsory labor.*

- Drawn in part from Article 4 of the Universal Declaration on Human Rights, Monsanto's human rights policy categorically excludes forced labor and rejects corporal punishment of any type.
- Audits of labor and management practices are conducted routinely at our facilities around the world to ensure compliance with our policy. The audit process includes reviews of employees' salaries, wages, overtime wages and fringe benefits to ensure continued compliance and practice in accordance with local legal requirements.
- In the United States, we offer to operate as the payroll agent for many of our small farm labor contractors to assure that the workers are compensated correctly.
- To verify that our business partners are using no forced labor, we engage independent third-party auditors in certain world areas.

#### Principle 5:

*The effective abolition of child labor.*

- Based on the standards articulated in the International Labor Organization Convention, Monsanto's human rights policy prohibits any form of exploitative child labor. In those situations where minors may legally be employed, we will act to assure that such employment does not interfere with the educational opportunities of the children and will not expose young workers to situations that are likely to jeopardize their health or safety.
- Monsanto's strategic program in India to eliminate child labor has resulted in a decrease in the use of child labor by our cotton seed producers from 4.9% in 2006 to 0.2% in 2009. By 2009, over 98% of these seed producers used only adult labor and were eligible to receive financial rewards from Monsanto for their efforts.
- In 2009, we recognized 9 Indian villages where independent audits verified that no children were working in our business partners' fields. This recognition entitled the villages to receive a donation toward the improvement of the local school, which included items such as computers, desks or playground equipment.

#### Principle 6:

*Eliminate discrimination in respect of employment and occupation.*

- Our commitment to the elimination of discrimination in the workplace can be found in our human rights policy, Equal Employment Opportunity policy and anti-harassment policy, all of which are supported by our extensive internal training programs.
- Monsanto's commitment to diversity has been widely recognized:
  - Ranked #28 on the 2010 *DiversityInc* Top 50 Companies for Diversity List.
  - Named as one of the Top Diversity Employers in 2010 for Women by *Professional WOMAN'S* Magazine.

- Ranked #29 in the 2009 Top 50 Employers in *Equal Opportunity Magazine*.
- Received a 100% rating on the Human Rights Campaign's 2010 Corporate Equality Index, which rates U.S. employers and their policies and practices pertinent to lesbian, gay, bisexual and transgender employees.

## Topic: Environment

### Principle 7:

***Businesses should support a precautionary approach to environmental challenges.***

- We seek to ensure that our products and technology comply with or exceed all applicable laws, regulations and approval standards to protect the environment and human, animal or plant life or health.
- We assess each new product for safety according to rigorous procedures established by international expert bodies.
- We operate within an industry-leading product stewardship program. Our compliance with the Excellence through Stewardship program, an effort sponsored by the Biotechnology Industry Organization, was first audited in the United States in 2009 and the results demonstrate our adherence to the program.
- In addition to comprehensive internal testing, we enable public sector research to evaluate the safety and effective use of our commercial products independently. In the past year we introduced a new approach for university scientists to work with Monsanto's commercial seed products without requiring separate contracts or license agreements. This blanket agreement – the Academic Research License (ARL) – enables academic researchers at participating universities to do research with commercialized products with as few constraints as possible. ARLs are now in place with all major agriculturally-focused U.S. universities – about 100 in total.

### Principle 8:

***Undertake initiatives to promote greater environmental responsibility.***

- Seeds improved through Monsanto's biotechnology enable farmers to adopt production practices that reduce greenhouse gas emissions, reduce pesticide spraying, reduce soil erosion, improve soil moisture and increase agricultural productivity to help preserve native habitats and biodiversity. Reductions in fuel use and plowing/tillage combined to reduce greenhouse gas emissions into the atmosphere by more than 14.2 billion kg of carbon dioxide in 2007, equivalent to removing 6.3 million cars from the road for a year.
- Insect-protected and herbicide-tolerant crops developed by Monsanto helped to reduce pesticide spraying by 359 million kg between 1996 and 2007, which has in turn decreased the environmental impact associated with herbicide and insecticide use by 17.2%.

### Principle 9:

***Encourage the development and diffusion of environmentally friendly technologies.***

- Monsanto's plant genomics, breeding and biotechnology research platforms are designed to significantly improve agricultural productivity on existing cropland while conserving more diverse, native habitats.
- Monsanto has partnered with the African Agricultural Technology Foundation, the International Maize and Wheat Improvement Center and national agricultural research systems in Kenya, Uganda, Tanzania, Mozambique and South Africa to develop water efficient maize for African farmers. The project, funded by the Bill & Melinda Gates Foundation and Howard Buffet Foundation, is expected to significantly increase maize yields under drought conditions.
- Beginning with *Roundup Ready* soybeans in 1996, Monsanto has broadly licensed seed genetics and traits to hundreds of seed companies around the world. This diffusion of technology provides farmers with access to these environmentally friendly technologies in the right combination of seed genetics and biotech traits they want, in the local varieties they prefer.

## Topic: Anti-Corruption

### Principle 10:

***Businesses should work against corruption in all its forms, including extortion and bribery.***

- We conduct business in compliance with all applicable global laws and regulations, including the U.S. Foreign Corrupt Practices Act (FCPA) and similar anti-bribery laws of other countries, including laws implementing the OECD and OAS conventions.
- We have a formal Code of Business Conduct and Global Anti-Corruption Policy that is supported by our Business Conduct Office (BCO). These policies apply to Monsanto businesses and subsidiaries as well as affiliates and joint ventures controlled by Monsanto.
- Employees seeking guidance on or reporting alleged corruption issues are provided numerous means of contacting the BCO including anonymous (where allowed by law) global hotlines open to both the public and employees, email and the BCO website.
- In fiscal year 2009, the BCO responded to employee requests for guidance within an average of 3 days.
- All employees are trained on business conduct issues and all managers are trained on anti-corruption matters. In 2009 alone, 3,175 Monsanto employees were trained in FCPA best practices.

Additional information can be found on [www.monsanto.com](http://www.monsanto.com) under "Who We Are" and "Our Commitments".



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- PR2, PR4, PR7, PR9 Incidents of non-compliance . . . . . Legal proceedings in [www.monsanto.com/investors/Documents/Pubs/2009/10-K.pdf](http://www.monsanto.com/investors/Documents/Pubs/2009/10-K.pdf)

### Society

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