

Incident Report (Company Feedback Version)

Industry:	Chemicals	ISIN:	US61166W1018
Domicile:	United States	Sedol:	2654320
Marketcap.:	53,866 mm. USD	Ticker:	NYSE:MON
Updated:	05 Oct 2015		

Introductory Note

Sustainalytics' Incident Report is an assessment of your company's involvement in incidents with negative environmental, social and governance (ESG) implications. The Incident Report details our analysis of the impact and risks resulting from incidents. The information and analysis contained in this report will be used by Sustainalytics' clients in the financial services industry to assist them in implementing their responsible banking and investment strategies. Sustainalytics does not send questionnaires as part of our research process and populates the report before contacting you. However, we highly value your feedback on this report as it will ensure the most accurate depiction of your company. Through this feedback process, companies are given the opportunity to verify information, correct factual errors, or provide additional information on specific incidents. Please note that this Incident Report is sent to you separately from the Company ESG Report..

Incidents Research Methodology:

Incidents are the building blocks to our Controversy Ratings. An incident is a company activity with unintended and/or undesired negative environmental and/or social impacts on stakeholders. Research on incidents is gathered from four main types of sources:

- 1) News articles from reputable media agencies;
- 2) Reports and releases by non-governmental organisations (NGOs);
- 3) Company regulatory filings and disclosures; and
- 4) Regulator announcements.

Incidents are assessed based on their level of impact and reputational risk. Similar incidents are grouped under relevant Event Indicators and then analysed by Sustainalytics. This analysis takes account of the impact of relevant incidents, the resulting risk for the company and the policies and systems in place to manage relevant issues (management). This analysis is an important performance metric used by Sustainalytics.



More detailed definitions of the terms used in this diagram are found in the Glossary of this report.

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Risk ●●●○○○○○○○○○

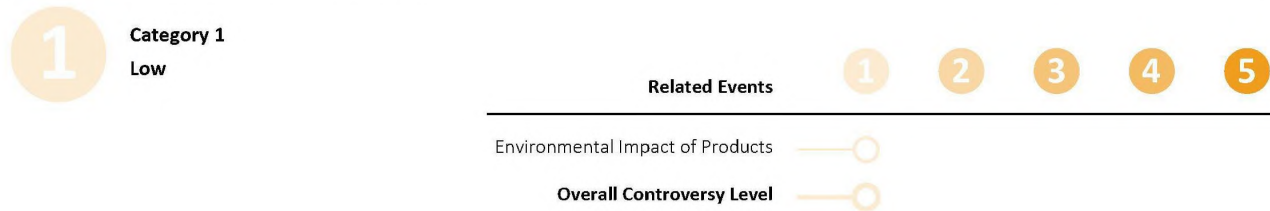
Fine for failure to report toxic releases

NBCNews.com - 26 March 2015

The Soda Springs facility, operated by P4 Production, a wholly-owned Monsanto subsidiary, has agreed to pay a USD 600.000 fine to the U.S. Environmental Protection Agency (EPA) for failing to report uncontrolled toxic chemicals releases. Officials stated that the company omitted to report emitting hydrogen cyanide, sulfur dioxide, nitrogen oxides and mercury between 2006-2009, despite the fact that the companies are required by law to report all such releases.

Analysis: The impact is considered moderate as the toxic releases went unreported for several years and the fine is significant for the industry. Even though such occurrences are not uncommon within the industry, scrutiny by a federal agency and international media attention generates a moderate degree of reputational risk. Furthermore, toxic releases are an issue of concern for company stakeholders. Therefore, reputational risks are assessed as moderate.

Product & Service Incidents



Based on our event level assessment of impact and risk as very low, the company has been assigned an overall controversy assessment of category 1.

Environmental Impact of Products



Impact ●●○○○○○○○○○○○
Risk ●●●○○○○○○○○○

Monarch butterfly biodiversity loss linked to Roundup

Russia Today - 10 February 2015

A statistics released by the U.S. Fish and Wildlife Service revealed that 90% of the population of monarch butterflies has vanished across the U.S. since the 1990s, as result of the forced eradication of milkweed plants. The study correlated the resulting biodiversity loss with the over-usage of Roundup herbicides. Roundup was introduced in the 1970s and is sold to farmers and homeowners as an effective method for eliminating broad-leaf weeds.

Analysis: Although the reports linked the company's products with the resulting biodiversity loss, the extent to which Monsanto can be held accountable is limited. Therefore, the impact of the incident is assessed as low. Reputational risks are moderate, as the incident raised some concerns among stakeholders but did not generate noteworthy media attention.

Impact ●●○○○○○○○○○○○ →
Risk ●●●○○○○○○○○○ →

Update: Mexico ban on GM corn

GMWatch - 05 December 2014

The Mexican Chapter of the Permanent Peoples' Tribunal, a human rights international opinion tribunal independent of state authorities, has demanded the Mexican government to prohibit the planting of GM maize in the country. The possible prohibition could affect several companies which have submitted applications to plant GM maize since 2012, including Monsanto. However, recent Mexican authorities' decisions seem to support the interests of the companies by filing legal claims against the suspension of GM crops.

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Risk ●●●○○○○○○○○ ➔

Update: Ban on GM soybeans cultivation

La Opinion Diario - 30 July 2014

A Yucatan judge ruled to nullify permits originally given to Monsanto to plant genetically modified (GM) soybeans in the Yucatan state. The judgement came in respect of the right of "self-determination" for indigenous communities who had voiced their discontent with the authorisation of the permits, and the alleged threats of the GM soy to their honey production. The ruling followed a similar judgement in March 2014 in the region of Campeche, banning GM soybean from being planted in the state.

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Risk ●●●○○○○○○○○

Mexico ban on Monsanto's GM corn

care2 - 16 October 2013

According to the Environmental Food and Justice, the District Court for Civil Matters of Mexico City gave its final approval to a law that will prohibit the cultivation of any variety of genetically modified corn, due to alleged hazards to the environment. As a consequence, Monsanto's genetically modified seeds can no longer be sold and cultivated in Mexico. Monsanto appealed the decision and requested that the judge be removed from the court on grounds of having stated his opinion on the case before the sentence was pronounced.

Analysis: The impact that can be attributed to the company is considered notable since the ban was enacted at country-level, for an indefinite period of time. Given that all varieties of GM corn were banned in Mexico, Monsanto shares the reputational risks with industry peers. However, since corn is a major agricultural export of Mexico, the biodiversity impact of GM maize ranks high in importance to stakeholders. Therefore, the reputational risks are considered to be moderate.

Social Controversies

Employee Incidents

1

Category 1
Low

Related Events

Health and Safety	1
Labour Relations	None
Basic Labour Standards	None
Forced labour	None
Child Labour	None

Overall Controversy Level



Based on our event level assessment of impact and risk as very low, the company has been assigned an overall controversy assessment of category 1.

Health and Safety

1

Category 1
Low



Locations: Brazilia
Tags: Health and Safety

Impact ○○○○○○○○○○

Risk ●●○○○○○○○○○

Fine for lack of proper safety measures

Reuters - 18 May 2015

After a Brazilian safety inspector found four workers handling pesticide containers without proper safety measures, Brazilian authorities stated they would seek to impose a fine of USD 16.6 million on Inpev, an industry group established by producers to meet disposal rules, as well as on several manufacturers, including BASF, DuPont, Monsanto, Nufarm, Syngenta, Adama, FMC, and Nortox, for potentially exposing workers to toxic agricultural chemicals. According to Brazilian law, both producers and buyers are required to ensure proper mechanisms for the safe disposal of chemical containers.

Analysis: Although there have been no health effects reported for these workers, the lack of proper safety mechanisms can indicate a more structural safety issue. Furthermore, the international media coverage may result in elevated reputational risk as well as lead to further litigation risks for the companies involved. Therefore, the risks are assessed as moderate.

Customer Incidents

2

Category 2
Moderate

Related Events

Anti-Competitive Practices	2
Marketing Practices	2
Quality and Safety	2
Privacy	None

Overall Controversy Level



Based on our event level assessment of impact and risk as low, the company has been assigned an overall controversy assessment of category 2.

Anti-Competitive Practices

2

Category 2
Moderate



Locations: Brazil
Tags: Anti-competitive Practices

Impact ●●●●●●●●●●

Risk ●●●●●●●●●●

Restrictive Agreements

Bloomberg - 09 December 2013

In October 2013, a Brazilian judge blocked Monsanto's demands that farmers sign a restrictive agreement as a precondition to buying Roundup-ready soybeans (Intacta RR2). The judge opined that Monsanto was taking advantage of its favorable position in the market as the only technology provider of Intacta RR2, to force farmers "to comply with clauses that are burdensome, if not illegal". In addition, the judge said that Monsanto's agreement may contravene Brazilian consumer law.

Analysis: The impact of this incident is assessed as moderate since, even though a significant portion of the Brazilian agricultural community is affected, lawsuits are currently ongoing. The reputational risk is moderate as international media coverage was limited and the tone of the articles was moderate. Financial costs are estimated at USD 1 billion should courts rule in the plaintiffs' favour.

Marketing Practices

2

Category 2
Moderate



Locations: Brazil, South Africa, Los Angeles, CA, USA
Tags: False or Deceptive Marketing

Impact ●●●●●●●●●●

Risk ●●●●●●●●●●

Roundup false advertising lawsuit

Global Research - 23 April 2015

Three individuals filed a class action lawsuit against Monsanto claiming injunction and false and misleading advertising of Roundup as safe for humans. The plaintiffs alleged that glyphosate, the active ingredient in Roundup, kills gut bacteria important for human and animal digestion, metabolism, and vital immune system functions. The class action is ongoing and seeks to include anyone as a plaintiff who purchased Roundup or Roundup-related products.

Analysis: The impact is considered to be moderate, given the early stage of the class action and due to the fact that the complaint was filed by three plaintiffs only. However, the severe impact that glyphosate potentially has on consumers and the environment make the case important for stakeholders, posing moderate reputational risks.

Impact ●●●●●●●●●●

Risk ●●●●●●●●●●

Withdrawal of GMO advert in South Africa

allAfrica - 19 March 2014

The Advertising Standards Authority (ASA) of South Africa ordered Monsanto to withdraw a radio advertisement as the company's claims regarding the benefits of GM crops were "unsubstantiated and misleading." According to ASA, the South African advertising law requires that claims are confirmed by independent and credible experts. Nevertheless, Monsanto was only able to provide the authority with links to company documents available on its website.

Analysis: Although there is scientific evidence which point to the fact that GM crops contribute to food sustainability via reduced pesticide and water use, there is no consensus within the scientific community regarding the sustainability dimension of GMOs. Therefore, the socio-environmental impact is assessed as low. In terms of reputational impact, the company is exposed to low risks since the news has appeared in local media and the company was not subjected to criticism as a consequence of the ban.

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Controversial Advertising Practices

Agence France Presse - 22 August 2012

A Brazilian court fined Monsanto USD 250,000 for misleading advertising on genetically modified soy. The court ruling states that there was no scientific evidence for the company's advertising that genetically modified seeds benefited the environment.

Analysis: The impact of the event is low as the company's misleading advertising practices do not directly influence certain stakeholders and as the fines can be considered minor. No additional media scrutiny has occurred, which indicates that the reputational risk to the company remains low.

Quality and Safety

2 Category 2
Moderate



Locations: France, St LOUIS, Africa, United States, Oregon, USA, Oregon, United States of America
Tags: Product Quality and Safety

Impact ●●●○○○○○○○ →
Risk ●●●●○○○○○○○ →

Update: Settlement with seven states

ABC - 18 March 2015

Monsanto agreed to settle for USD 350 million the contamination issue with farmers from seven states. The cost associated with the case and donations of USD 50,000 to agricultural schools and grant colleges in the seven states will also be supported by the company. The seven states are: Kansas, Missouri, Illinois, Oklahoma, Texas, Louisiana and Mississippi. Additionally, Monsanto stated that the lawsuit involving farmers in Arkansas is still active.

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Risk ●●●●○○○○○○○ →

Update: Settlement with Pacific Northwest farmers

ABC News - 18 November 2014

The company agreed to a USD 2.1 million settlement with farmers in Washington, Oregon, and Idaho who had sold soft white wheat between May and November of 2013, after the company's unapproved genetically modified wheat had been discovered in Oregon. The discovery had prompted Japan and South Korea to temporarily suspend some wheat orders, and the EU had asked for stricter testing. The company was also to pay USD 250,000 to wheat growers associations.

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Risk ●●●●○○○○○○○ →

Update: Unapproved GM wheat found in Montana

Bloomberg - 26 September 2014

Genetically modified (GM) wheat that had never been approved for commercial sale was discovered in Montana, approximately ten years after field tests of the crop had occurred there. Regulators stated that they did not know how the crops escaped the field tests. The company reported the discovery of the crop to the U.S. Department of Agriculture's (USDA) Animal and Plant Health Inspection Service, and stated that it was cooperating fully with the investigation. The announcement came at the same time that the USDA closed the investigation regarding the GM wheat previously discovered in Oregon, stating that there was no evidence of the GM wheat in commerce.

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Risk ●●●●○○○○○○○ →

Update: GM-Wheat Contamination Lawsuit

Reuters - 03 June 2013

From June until September 2013, wheat farmers sought class-action status from several U.S. states, including Washington, Idaho and Kansas, and sued Monsanto for alleged financial losses due to disruptions on the international wheat market, following the discovery of an unapproved strain of genetically modified wheat in an Oregon field, in May 2013. Monsanto is accused of failing to conduct due diligence to ensure the unapproved variety didn't contaminate regular wheat through cross-pollination or mixing of seeds.

Analysis: The incident had moderate financial impact on U.S. wheat farmers, due to a temporary but sharp decrease in demand for U.S. soft-white wheat. The farmers sought compensatory as well as punitive damages on behalf of all U.S. soft-white wheat growers and asked that Monsanto decontaminates their equipment, storage and transportation facilities. In terms of reputational risk, the incident posed moderate to significant risk to the company as it was covered by reputable international media providers.

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Risk ●●●●○○○○○○○

GM-Wheat Contamination

Bloomberg - 29 May 2013

Monsanto came under fire due to the fact that a strain of genetically modified wheat, which was not approved for use by the U.S. Department of Agriculture (USDA), was found in an Oregon field. According to the deputy administrator of USDA's Animals and Plant Health Inspection Service, exposure was limited and posed no threat to human health. However, a senior scientist at the Consumers Union in New York expressed his concern. Japan and South Korea temporarily suspended U.S. imports of western-white wheat and feed wheat, Taiwan asked for wheat to be labelled by state of origin, while the E.U. recommended that member states test all imported U.S. wheat.

Analysis: The incident had moderate impact on the livelihood of the U.S. wheat farmers and could have resulted in a significant environmental and health hazard had the contamination led to genetic pollution. The reputational impact is significant for the company as the event was covered by international media providers and foreign trading partners were quick to react to the news.

Impact ●●○○○○○○○○○
Risk ●●●●○○○○○○○

French farmer intoxicated with Lasso weedkiller

Reuters - 11 September 2015

A French court confirmed a 2012 ruling in which Monsanto was held accountable for the intoxication of a farmer who inhaled the company's Lasso weedkiller. The farmer claimed he suffered from neurological problems following the incident, and blamed Monsanto for failing to include proper warnings on the label. The court ordered the company to fully compensate the farmer. Lasso is an herbicide used since the 1960s, which was banned in France in 2007 and previously in Canada Belgium and Britain, due to links to a range of health problems.

Analysis: Although the company's product caused notable damage to the farmer, the issue affected a single individual. Moreover, the product was banned in France and other countries, indicating that future risks associated with the product are unlikely. However, reputational risk for the company is noteworthy, given that the incident was covered by international media sources, which could prompt customers to question the safety of the company's products and its labelling practices.

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Risk ●●●●○○○○○○○

DDT linked to breast cancer

PAN NORTH AMERICA - 09 July 2015

The Endocrine Society published a study in the Journal of Clinical Endocrinology & Metabolism linking dichlorodiphenyltrichloroethane (DDT), Monsanto's pesticide, to breast cancer risk. The researchers found that risk of breast cancer is four times higher for daughters whose mothers were exposed to high levels of DDT during pregnancy in the 1960s. Although banned in the US for more than 40 years due to classification as an endocrine disruptor, African countries are still using DDT in malaria control programmes.

Analysis: Despite the fact that DDT was banned in US due to its classification as an endocrine disruptor, African countries are still using it. The study's link to breast cancer risks indicates a notable impact on future generations and community. However, no direct accusations or lawsuits have been filed against the company. The findings have raised international media attention and concerns among communities regarding the side effects of Monsanto's pesticides for future generations. Therefore, reputational risks are significant.

Society & Community Incidents

4

Category 4
High



Outlook
Negative

Related Events



Overall Controversy Level: 4

Based on our event level assessment of impact and risk as high, the company has been assigned an overall controversy assessment of category 4.

4

Category 4
High



Outlook
Negative



Locations: Missouri, India, Brazilia, Missouri, United States, San Jose, CA, USA, Philippines, Missouri, USA, Spokane, WA, USA, Colombia, Brazil, Germany, Turkey, Virginia, Switzerland, San Diego, CA, USA, France, St. Louis, MO, USA,

Sustainalytics' outlook for this controversy is negative for the next two years, because:

- The reputational risk poses ongoing concerns, since Monsanto faces significant opposition in many countries from the civil society, NGOs, government officials, and part of the scientific community, generating negative headlines in the international media.
- Monsanto has yet to demonstrate that it has adopted a strong approach regarding product stewardship challenges, as outlined in its policies and commitments. If it fails to do so, it risks being confronted with increased levels of resistance and stands to lose access to important markets.
- The fact that some lawsuits are still ongoing, poses continued financial risk for the company. Should courts rule in the plaintiffs' favour, the controversy level could be downgraded to a Category 5.
- Furthermore, the fact that the World Health Organization report from March 2015 listed glyphosate as a potential carcinogenic might lead to a re-evaluation and re-classification of the herbicide by regulatory agencies. A potential re-classification could lead to lower dosage limits in certain regions or even to temporary or permanent bans of the Roundup herbicide.

Assessment

Monsanto is involved in several controversies related to the potential health hazards posed by its two main product categories: glyphosate herbicides and genetically-modified (GM) seeds. In March 2015, the World Health Organization (WHO) classified glyphosate, Roundup's active substance, as potentially carcinogenic. Following WHO's report, several countries and chain stores banned glyphosate products. Similar allegations go back as far as 2011, with studies claiming that Roundup herbicide can cause birth defects, endocrine disruption, damage to DNA, reproductive and developmental toxicity, neurotoxicity, and cancer. Annual global protests are organised against Monsanto's GM and crop protection products. France and Turkey banned the company's GM maize in 2014 and 2013, due to alleged hazards to the environment and human health. The company's GM products faced scrutiny in several Asian countries as well. Moreover, in 2015 San Diego City filed a lawsuit accusing Monsanto of polluting the bay with carcinogenic Polychlorinated Biphenyls (PCBs). The company produced 99% of all PCBs used in the US and there are allegations that although Monsanto was aware of the health dangers posed by them, these were disregarded and PCBs were market as safe until their ban in 1979.

Sustainalytics assesses this controversy as a Category 4, due to the significant social and environmental risks posed by the company's products on human health and ecosystems. Although such allegations are not uncommon in the industry, the severity, frequency and structural nature of the incidents is above industry average, indicating that Monsanto lacks adequate risk management systems.

The socio-environmental impact of Monsanto's product-related controversies is considered high, because:

- Scientific studies linked Roundup and GM Roundup resistant seeds to endocrine disruption, DNA damage, reproductive toxicity, neurotoxicity, and cancer in humans. Monsanto's products are banned in several countries due to health concerns.
- Genetic contamination is hard to contain due to cross-pollination and as such companies involved in genetic research are expected to demonstrate strong risk management.
- The impact on society of PCB contamination is severe. Scientific evidence established a link between PCB exposure and cancer in humans and evidence suggests the company was aware of the danger posed by PCBs, but chose to disregard it. Monsanto never recognized this connection, but admitted that all people have trace amounts of PCBs in their systems. The Missouri District Court of Appeals ruled that Monsanto can be held liable for PCB-related Non-Hodgkin's Lymphoma cases.
- While the nature events is not uncommon in the industry, the impact of Monsanto's products exceeds that of its peers.

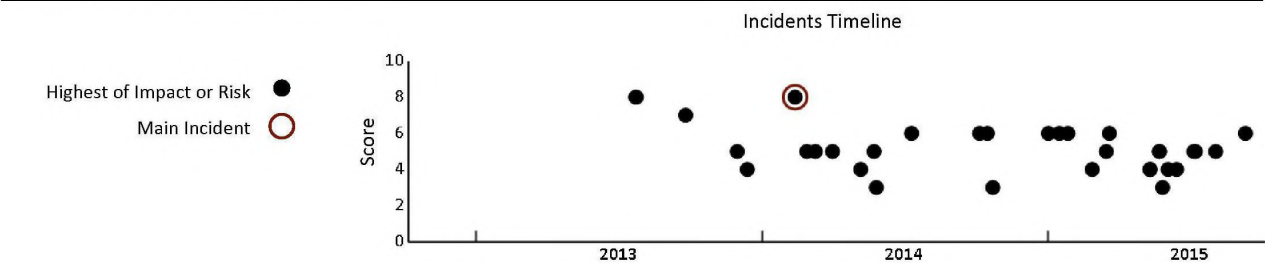
The company's reputational risk is high, because:

- Bans and protests related to GM products are not always directly targeted at Monsanto. However, glyphosate was invented and brought to the market by the company, who remains one of the main producers, therefore it can be held directly accountable. Moreover, international coverage of these events has been consistently high, including attention from prominent media sources. Criticism has ranged from moderate to severely critical.
- Product quality and safety constitute a key ESG issue for the industry and is of great importance to stakeholders. As such, negative publicity regarding product safety is difficult to overcome, and the trust of regulators, consumers and society may take years to repair.
- Monsanto has a poor historical track record in terms of company ethics, given previous allegations of disregarding scientific evidence in order to downplay the health risks posed by PCBs, as well as ongoing debates on glyphosate's carcinogenic effect. This undermines the credibility of the company's claims with respect to the safety of its products.

Monsanto's management systems are considered moderate, because:

- The company has an adequate product stewardship programme, environmental and health and safety policies and programmes, and regulatory compliance programme.
- Monsanto states that it takes a precautionary approach, committing to "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". However, there is little disclosure regarding the actual implementation of these aspirational goals.
- Moreover, although the company states that it engages in community dialogue worldwide, there is no evidence of a formal community engagement programme.

Social Impact of Products Incidents



Update: Petition for Writ of Certiorari

Amazon Watch - 12 February 2014

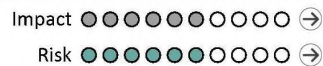
Some objectors to the class action settlement regarding Monsanto's Agent Orange herbicide lawsuit filed a petition to review the case with the US Supreme Court. Their primary argument is that the settlement did not provide benefits for up to 62% of the property remediation class or to 94% of the medical monitoring class.

Agent Orange Pollution

Reuters - 24 February 2012

Monsanto settled a long-running legal battle with residents of Nitro, West Virginia, who suffered health problems due to dioxin pollution, a by-product of Agent Orange production at Monsanto's plant in Nitro. The company committed to USD 93 million in clean-up, remediation and medical monitoring to resolve the series of class action lawsuits. Furthermore, it plans to install a fund of USD 21 million for medical testing, with up to USD 63 million in additional funding available.

Analysis: The impact of this settlement is considered significant as it sets a precedent for other potential lawsuits. Dioxin is a bio-accumulative substance that has been linked to cancer, birth defects, learning disabilities, endometriosis, infertility and suppressed immune functions. Dow Chemical and Monsanto were the main producers of Agent Orange in the U.S.



Update: Glyphosate to be listed as a carcinogen in California

chemistry world - 11 September 2015

Following WHO's International Agency for Research on Cancer's classification of glyphosate as a probable human carcinogen, the Californian Office of Environment Health Hazard Assessment (OEHHA) initiated a notice of intent to list glyphosate as carcinogen. Beside glyphosate chemicals such as tetrachlorvinphos, parathion and malathion were also included in the notice of intent. California is the first state which announced it will label and list glyphosate as carcinogen under the Safe Drinking Water and Toxic Enforcement Act of 1986 (Proposition 65). The Proposition demands that chemicals found to cause cancer, birth defects and other reproductive problems be listed as such.

Impact ●●●●●●○○○○○ ➔
Risk ●●●●●●○○○○○ ➔

Update: WHO classifies glyphosate as a potential carcinogen

Forbes - 21 March 2015

The World Health Organization (WHO) has classified glyphosate, the active substance in Roundup, as a potential carcinogenic. The analysis reveals limited evidence to support a link to non-Hodgkin's lymphoma and lung cancer in humans and a convincing evidence of cancer in laboratory animals. The decision is based on exposure studies, mostly agricultural in the US, Canada, and Sweden published since 2001. Previously, in 1985, US Environmental Protection Agency (EPA) classified glyphosate as a potential carcinogenic to humans, but changed this classification in 1991 to non-carcinogenic. Monsanto considers the WHO's decision as inconclusive, stating that it draws upon old data.

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Risk ●●●●●●○○○○○ ➔

Update: Genetic and cellular damage of soybean workers

Asian Journal - 27 January 2015

A study published in the Mutation Research journal has identified the presence of glyphosate in the cells of 81 workers tested at a soybean plant in Brasil who were working in the fields where Monsanto herbicides were used. According to the study, the toxins compromise soil health, food security, damage workers' DNA and human body cells.

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Risk ●●●●●●○○○○○ ➔

Update: Feeding tube liquid tested for glyphosate

Toronto Sun - 16 January 2015

Moms Across America initiated a testing process and collected samples for the identification of glyphosate in the feeding tube liquid from hospitals. The samples contained GM corn syrup, soy, and sugar considered to be sprayed with glyphosate during the growing season and at harvest as a drying agent. The researchers of MIT Computer Science and Artificial Intelligence Laboratory found the substance in amounts of up to 1100 times higher than normal and have deemed the liquid from feeding tube not safe.

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Risk ●●●●●●○○○○○ ➔

Update: Criticism related to herbicide Roundup

Toronto Sun - 02 January 2015

The Monsanto herbicide Roundup was criticised in the Brazilian Journal of Microbiology. According to the study, the herbicide may contribute to the enhanced growth of the pathologic bacteria *Pseudomonas Aeruginosa* in the environment. The bacteria can cause dangerous infections and is resistant to antibiotics.

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Update: Roundup banned in the Netherlands

Sum of Us - 16 October 2014

Following a decision by the Dutch Parliament, the sale of glyphosate-based herbicides to individuals was prohibited. The company's product, RoundUp, is one such pesticide affected by the ban. The prohibition was only in effect for non-agricultural use of the product, and as the ban was only on the selling of the product, its use is still allowed under EU regulations. Glyphosate has been linked to cancer, infertility, birth defects, nervous system damage, and kidney disease, as well as soil and water pollution.

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Risk ●●●●●●○○○○○ ➔

Update: Roundup linked to cancer

Truth Out - 06 October 2014

An article highlighted numerous studies linking glyphosate, the main ingredient in Roundup, to increased incidents of cancer in areas where the herbicide is heavily sprayed. Studies were conducted in countries such as the US, Canada, Argentina, Australia and New Zealand, as well as places in Europe, and linked the herbicide to many types of cancer, including lung, breast, prostate, and brain cancer. Several studies also demonstrated that the herbicide may cause damage to human DNA.

Impact ●●●●●●○○○○○ ⬆
Risk ●●●●●●○○○○○ ⬆

Update: Roundup 125 times more toxic than glyphosate

Global Research And Data Services Industry - 11 July 2014

A new study published in the journal Biomedical Research International revealed that agrochemicals, such as Monsanto's Roundup herbicide, are more toxic than regulators had previously revealed. The study claimed that initial tests tended to analyze isolated ingredients, such as glyphosate, and issued a toxicity assessment based on these individual tests. However, according to the report, if the Roundup herbicide is analyzed in their totality, its toxicity level may be 125 times higher than that of its active ingredient (i.e., glyphosate).

Analysis: This new scientific study sheds a different light on the issue of agrochemicals, revealing a higher toxicity level with regard to such products. Based on these new findings, the impact of the incident increases slightly. Reputational risk also suffers a minor elevation as the study is bound to raise new waves of awareness among authorities, investors and the community in general.

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Risk ●●●●●○○○○○ ➔

Update: Study links Roundup to Celiac disease

BILD (DE) - 01 April 2014

The Journal of Interdisciplinary Toxicology study linked Monsanto's Roundup herbicide to Celiac disease in humans. The study shows that approximately 5% from the population in North America and Western Europe suffers from the disease and postulated that fish exposed to glyphosate develop digestive problems that are similar to Celiac disease. Symptoms include diarrhea, skin rashes, depression, macrocytic anemia and nausea.

Impact ●●●●●○○○○○ ➔
Risk ●●●●●○○○○○ ➔

Update: Roundup found in 75% test samples

Greenpeace Canada - 10 March 2014

The US Geological Survey revealed in a recent study called "Pesticides in Mississippi air and rain: A comparison between 1995 and 2007" that in 2007, Monsanto's Roundup herbicide was the most commonly found chemical, being present in 75% of air and rain test samples. Previous research has linked diseases such as Parkinson or cancer with the Roundup herbicide. Moreover, in an Argentinian region, where the herbicide is regularly used, 80% of children struggle with a variety of health problems.

Impact ●●●●●○○○○○ ➔
Risk ●●●●●○○○○○ ➔

Update: Research links Roundup to kidney disease

Charleston Gazette - 27 February 2014

The International Journal of Environmental Research and Public Health report linked Monsanto's Roundup herbicide to chronic kidney diseases in humans. The report postulated that glyphosate, the active ingredient found in Roundup can become toxic when mixed with nephrotoxic metals and "hard water". This type of water exists either naturally in the soil or can be artificially created through fertilizer usage, and contains elements such as calcium, magnesium, strontium and iron.

Impact ●●●●●○○○○○ ⬇
Risk ●●●●●○○○○○ ⬇

Update: Séralini study dismissed

Forbes - 30 November 2013

The editor of The Food and Chemical Toxicology, required French scientist Séralini to withdraw his paper. The request specifies that the article will be removed by the journal itself if Séralini does not agree to do it voluntarily. Séralini threatened to sue the journal and demand "financial compensation for the huge damage" to the CRIIGEN research group.

Impact ●●●●●○○○○○ ⬆
Risk ●●●●●○○○○○ ⬆

Update: Roundup Studies and GM Bans

Bloomberg - 25 September 2013

The Russian government temporarily suspended importing GM corn as a result of the latest GM studies on Roundup ready seeds, and in November 2012, the government of Kenya banned all GM crops. As of September 2013, Russia was considering a total ban on GM imports.

Analysis: The recent studies have fuelled the controversy surrounding GM products and have prompted several countries to reconsider their stance on GM food. The impact of these studies can be considered significant to severe in their effect on the company's future sales on the international market. While highly contested by part of the scientific community, the anti-GMO studies raise questions as to the human health implications of genetic engineering.

Impact ●●●●●○○○○○ ⬆
Risk ●●●●●○○○○○ ⬆

Update: Séralini Roundup Experiment

Forbes - 19 September 2012

The Séralini lab published the results of a long-term experiment, which involved feeding both Roundup resistant corn and Roundup to two separate experimental groups of rats, over their average lifespan of two years. Scientists claimed the results show that Roundup resistant maize and Roundup are toxic and led to higher cancer rates. The results were criticized by parts of the scientific community.

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Risk ●●●●●○○○○○ ➔

Update: Brazil Roundup Study

Earth Open Source - 01 June 2011

According to a report, co-authored by several scientists and published by Earth Open Source as of June 2011, Monsanto's Roundup herbicide can cause birth defects as well as "endocrine disruption, damage to DNA, reproductive and developmental toxicity, neurotoxicity, and cancer" at amounts equivalent to residues found on produce. The report concludes that the new generation of babies born near fields of Roundup Ready (RR) soy in Argentina suffers from an increased rate of birth defects.

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Risk ●●●●●○○○○○

Studies on the toxicity of Roundup

Environmental Sciences - 01 March 2011

A review published in March 2011 by the Séralini lab assessed 19 different studies on the toxicity degree of Roundup resistant genetically modified (GM) seeds, as well as data from several in-vivo animal tests conducted following court actions or official requests. The meta-analysis revealed that GM food had an effect on liver and kidney functions. The review advocates for longer and more elaborate toxicology tests; however, Monsanto, the biggest producer of GM seeds, claims its products are safe and have undergone extensive testing.

Analysis: The impact of the review on Monsanto's reputation can be considered significant as it lends weight to previous studies on the alleged toxicity of the Roundup herbicide. Nevertheless, one has to take into account that despite a growing body of literature on the dangers of Roundup, the scientific community remains divided on this issue.

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Risk ●●●●●○○○○○ →

Update: Lawsuit for polluting Spokane river

Reuters - 04 August 2015

Spokane, Washington, city attorneys claimed that Monsanto, the lead producer of PCBs in the U.S. from 1930s-1970s, is responsible for the Spokane river contamination with carcinogenic PCBs. The lawsuit claimed unspecified compensatory damages and requested that Monsanto take responsibility for the clean up costs. The city's utilities spokesperson stated that the clean up cost will exceed USD 100 million. Monsanto denied any liability and stated that the third parties which incorporated PCBs into their products should bear responsibility for clean up costs.

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Risk ●●●●●○○○○○ →

Update: Lawsuit for polluting San Francisco Bay with PCBs

CNBC - 09 July 2015

San Jose authorities filed a lawsuit against Monsanto for contaminating the San Francisco Bay with carcinogenic PCBs, which the company incorporated into a variety of products from the 1930s to 1970s. Even though PCBs were banned 30 years ago, the State Water Resources Control Board determined that their presence in stormwaters still threatens water, fish, marine life in the bay and the well-being of people in the state of California. The lawsuit also charges Monsanto with concealing information that demonstrated the toxicity of PCBs so that the company could continue to profit by their use.

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Risk ●●●●●○○○○○ →

Update: Jury found Monsanto not liable for PCBs exposure

St Louis Business Journal - 07 July 2015

St. Louis County jury found Monsanto not liable in a lawsuit filed by plaintiffs claiming that Monsanto was negligent in the production and marketing of PCBs in the late 1970s. The lawsuit was initially filed against Monsanto Chemical Co. which spun-off in Monsanto Co, Solutia, Pharmacia and Pfizer. No other information or details regarding the lawsuit or the ruling was disclosed.

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Risk ●●●●●○○○○○

Lawsuit for water pollution with carcinogenic PCBs

Global Research - 17 March 2015

San Diego City alleged that Monsanto is one of the contributors to the pollution of the bay with carcinogenic Polychlorinated Biphenyls (PCBs), which were primarily manufactured by Monsanto. Previously, in 2012, the city and the port were found guilty of polluting the bay with PCBs by the Regional Water Control Board. Fines were imposed on the shipbuilders BAE and NASSCO that used it in the manufacturing process. Even though PCBs were banned 30 years ago, they are still found in bay sediments, water, fish, and other marine life in the bay.

Analysis: Given that the alleged health issues and ecosystem damage were linked to the long term usage of PCBs, impact is assessed to be significant. Reputational risks are considered significant as well, in the light of the increased scrutiny by the local pollution control authorities and environmental activists.

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Risk ●●●●●○○○○○ →

Update: France bans the sale of glyphosate from garden centers

The Independent - 15 June 2015

Due to the classification of glyphosphate, an ingredient in Monsanto's Roundup, as "probably carcinogenic to humans" by the UN's International Agency for Research on Cancer (IARC), the French Ecology Minister asked garden centers to stop selling Roundup from self-service aisles.

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Risk ●●●○○○○○○○ ➔

Update: Coop and Migros chains stopped selling glyphosate products

Fresh Plaza - 04 June 2015

Swiss biggest supermarket chains, Coop and Migros, will stop selling products that contain glyphosate. Their decision followed German giant retailer REWE Group's decision. The retailers stated that this is a preventive measure.

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Risk ●●●○○○○○○○

Chain stores ban glyphosate products

Global research - 12 May 2015

More than 350 Toom Baumarkt DIY stores belonging to the REWE Group, one of the biggest from Germany, will no longer commercialize glyphosate-containing products as of 30 September 2015. Baumarkt stores began removing products that contain the endocrine disrupting herbicide in 2013.

Analysis: Although glyphosate was classified as probably carcinogenic by the WHO, scientific debates are still ongoing around this topic, therefore, for now, the the impact on consumers is not easily quantifiable. Still, given that it is a big chain of stores that stopped commercializing the herbicide nationwide concerns among stakeholders, particularly consumers, are likely to increase. Consequently, the company might face reputational risks as the incident received relatively broad media coverage, albeit mostly by specialized sources.

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Risk ●●●○○○○○○○

Concerns regarding new herbicide mix of acetochlor and fomesafen

Times of India - 28 May 2015

The EPA approved Monsanto's Warrant herbicide, a mix of acetochlor and fomesafen, although the European Food Safety Authority (EFSA) found acetochlor highly toxic to all aquatic organisms and the US Environmental Protection Agency (EPA) labelled fomesafen as a potential human carcinogen. The herbicide is to be used on soy and cotton for the eradication of glyphosate-resistant weeds, even if no safety testing were done on the mixture of the two herbicides.

Analysis: Although considered potentially hazardous, the new herbicide mix is assessed as posing low societal and environmental risks since the toxicity of the herbicide mix has not been confirmed by scientific studies. However, reputational risks for the company are apparent as the incident has raised some stakeholder criticism.

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Risk ●●●○○○○○○○ ➔

Update: Third global march against Monsanto

ABC Online - 24 May 2015

Millions of activists, from more than 40 countries, marched against Monsanto and its controversial GMO and crop protection products. The main request of the protesters was a ban on glyphosate, an ingredient which was recently classified as potentially carcinogenic to humans by the World Health Organisation. The first global march against Monsanto took place in 2013 and has since become an annual event.

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Global march against Monsanto

Toronto Sun - 24 May 2014

Millions of activists, from 400 cities and 52 different countries, participated in a global march against Monsanto. The activists called for a permanent boycott of GMOs, claiming that the company's GMO products pose threats to human health.

Analysis: GMOs are a sensitive topic, since these products are often perceived as risky by environmental activists. The protests generated further negative exposure for the company, with significant reputational risks.

Impact ●●●○○○○○○○
Risk ●●●○○○○○○○

Sri Lanka bans glyphosate imports

GM Warch - 24 May 2015

Sri Lanka's president and government gave their final approval to the ban which will prohibit the import of glyphosate, due to alleged hazards to the environment and human health. The decision followed the recent World Health Organization announcement that glyphosate is potentially carcinogenic, and two scientific studies which showed that high concentrations in drinking water and direct exposure to glyphosate through spraying, increased the risk of deadly chronic kidney disease (CKDu). In Sri Lanka, CKDu affects 400,000 people with an estimated death toll of around 20,000 per year.

Analysis: The allegation that glyphosate is potentially carcinogenic and is probably the cause of the deadly chronic kidney disease leads to an assessment of significant impact on local communities. The attention that the issue received from high level state representatives, together with a relatively broad media coverage, albeit mostly by specialized sources, trigger significant reputational risks for the company.

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Risk ●●●○○○○○○○

Columbia ban of glyphosate

Columbia Reports - 12 May 2015

Columbia's Health Minister Alejandro Gaviria and the Prosecutor General stated that glyphosate, RoundUp's active ingredient, should no longer be used to fumigate illicit coca crops, because of its potential health risks for neighboring communities. Glyphosate is used in Colombia to destroy coca cultures in order to reduce narco-trafficking, but the International Agency for Research on Cancer (IARC) classified glyphosate as a potential cancerigen. The officials stated they would propose a ban of glyphosate in the next meeting of the National Council of Narcotics.

Analysis: The allegations that glyphosate is probably carcinogenic and the duration of its usage for illicit coca crops lead to an assessment of moderate impact on local communities. Moreover, the attention that the issue received from high level state representatives, together with the relatively broad media coverage, albeit mostly by specialized sources, trigger moderate reputational risks for the company.

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Risk ●●●○○○○○○○

Polish farmers protest against GMO crops

Global Research - 27 February 2015

Polish farmers held protests in over 50 locations across the country to bring attention to the dangers of GMOs and the alleged land grabs by Monsanto and other GM seed producers. The farmers' ultimate aim is to ban GMOs production in Poland, demanding that legislators protect smallholder farmers from exploitation by monopolizing companies. This is considered one of the largest organized farmers' protests in the country.

Analysis: As the protests were related to smallholder farmers' livelihoods, allegations of land grabs were made and the size of the protests was significant the impact is considered moderate. Although media coverage was minimal, the company could incur some reputational risks, since GMOs represent an issue of great concern for stakeholders.

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Genetically modified soy in infant formula

Statesman Journal - 23 October 2014

Testing coordinated between the U.S. Centre for Food Safety and the U.S. Environmental Protection Agency (EPA) scientists confirmed the presence of soy that had been genetically modified (GM) by Monsanto to survive high levels of chemical pesticide exposure, in infant formula sold in Oregon. The findings raised concerns about the exposure of infants to chemical pesticides. Advocates for GM labeling cited the finding as rationale for labeling, which the company has fought against.

Analysis: Given that the consumer concerns were related more to infant exposure to the chemical pesticides, rather than the company's genetically modified soy in particular, the impact attributable to the company is seen to be low. The company faces moderate reputational risks however, considering that it adds to the GM labelling debate which has exposed the company to national scrutiny.

Impact ●●●○○○○○○○
Risk ●●●○○○○○○○

Glyphosate found in breast milk

Think Progress - 27 May 2014

Two environmentalist groups, Moms Across America and Sustainable Pulse, conducted a pilot study according to which high levels of glyphosate herbicide were found in breast milk. The study further states glyphosate bio-accumulates in the human body, a finding so far refuted by regulatory authorities and biotech companies. The environmentalist groups are demanding a ban on the use of glyphosate in food crops.

Analysis: Although the study highlights some noteworthy findings, the potential effects on infant health remain undetermined within the scientific community. Nevertheless, glyphosate's effect on human health remains of concern for various stakeholder groups. As the report adopts a critical stance towards the company, Monsanto is exposed to downside reputational risks.

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European bans on Monsanto's GM maize

BLOOMBERG News - 07 May 2014

The French Parliament gave its final approval to a law that will prohibit the cultivation of any variety of genetically modified (GM) corn, due to alleged hazards to the environment and human health. The company's product MON 810, will not be cultivated and sold anymore in France. It is worth noting that the product is the only GM crop allowed for cultivation in the European Union.

Analysis: The impact that can be attributed to the company is considered notable since the ban was enacted at country-level, in one of Europe's top grain producers, for an indefinite period of time. Given that all varieties of GM corn were banned by the French parliament, Monsanto shares the reputational risks with industry peers. However, since the societal impact of products ranks relatively high in importance to shareholders, investors and customers, the reputational risks are considered to be moderate.

Impact ●●●●●●●●●●
Risk ●●●●●●●●●●

Turkey GMO Ban

Bloomberg First Word - 13 December 2013

The Turkish Council of State has cancelled the import of two of Monsanto's GM corn varieties (MON810 and MON810x88017), following a lawsuit filed by the "No to GMO Platform". Greenpeace Turkey has allegedly requested that, in light of this ruling, all GMOs approved for import be re-evaluated and their approval revoked. In April 2013, Turkey's Biosecurity Board banned a total of 26 GMOs.

Analysis: Although the ban was enacted for the entire country and for an indefinite period of time, the accountability is shared between the GMO manufactures as such the assessed impact is low. From a reputational perspective, although the societal impact of products ranks high in importance to stakeholders, the incident has received limited attention from international media providers.

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Risk ●●●●●●●●●●

PCBs and Non-Hodgkin's Lymphoma

Business Wire - 24 July 2013

The Missouri District Court of Appeals rejected Monsanto's claim that it cannot be held liable for causing Non-Hodgkin's Lymphoma in patients who had been exposed to polychlorinated biphenyls (PCBs). The ruling reverses a prior decision by the St. Louis Court which stated that there was insufficient evidence to take Monsanto to trial. Plaintiffs in ten other PCB cases are represented by the same counsel and bring substantially similar claims of negligence and design defect.

Analysis: The incident has significant to high reputational impact on the company as it sets an important precedent for ten other class action lawsuits filed in St. Louis, Missouri, by plaintiffs suffering from Non-Hodgkin's lymphoma as a consequence of exposure to PCBs. Furthermore, the news was covered by reputable international media sources and the company received criticism from NGO groups.

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Risk ●●●●●●●●●●

PCB Contamination

The Boston Globe - 04 September 2012

Local schools in Lexington, Massachusetts filed a lawsuit against Pharmacia, Solutia, and Monsanto in an attempt to hold the companies accountable for failure to communicate to the residents the health and environmental dangers posed by exposure to PCBs. Monsanto produced 99% of the PCB's which were used in school construction throughout the U.S. between 1950 and 1976. As of September 2013, the lawsuit was ongoing. Monsanto produced most of the PCBs used in the U.S. and internal company memos suggest that Monsanto was aware of the health and safety dangers posed by PCBs.

Analysis: Even though the allegations were raised by a small number of local schools, the extent of health and environmental dangers due to exposure to PCBs coupled with the company's failure to communicate these aspects to stakeholders generates significant impact. Furthermore, since the social impact of products is important within the industry and there is potential criticism stemming from further media attention with regards to the issue, the reputational risk for the company is considered significant.

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Risk ●●●●●●●●●●

Philippines' Bt-Eggplant Ban

Greenpeace - 24 May 2012

The Philippines' Supreme Court banned field trials of Monsanto's Bt-eggplant, a genetically engineered variation of an indigenous eggplant species which produces its own insecticide. The product was found to allegedly violate "the constitutional rights of individuals to a healthy environment". In June 2013, The Philippines' Court of Appeals upheld the previous decision, ruling that all Bt-eggplant field trials must cease, existing plantings must be destroyed, and no further propagation allowed.

Analysis: Sustainalytics considers the incident to carry a significant reputational risk, as the social impact of products is a key ESG issue in the industry and the event received a lot of negative attention from reputable NGO groups. Moreover, it raises questions regarding the safety of Bt-eggplants and could have implications on Philippines' decision regarding "Golden Rice", a species of rice modified to include beta carotene and help supply vitamin A.

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Risk ●●●●●●●●●●

GM Field Trial Ban in India

Greenpeace - 04 July 2011

The government of the Indian state Karnataka decided to ban field trials of genetically modified (GM) crops. The decision came as a result of public opposition from farmers and civil society groups against GM field trials, prompted by allegations that Monsanto had violated the Genetic Engineering Approval Committee (GEAC) bio-safety regulations, while performing GM-corn trials in a farmer's field in Northern Karnataka.

Analysis: This event has a moderate to significant implications on Monsanto's corporate reputation in India, which can in time affect the company's future sales in the region.

Community Relations

2

Category 2
Moderate



Locations: Malvinas Argentinas, Buenos Aires Province, Argentina
Tags: Conflicts with Local Communities

Impact ●●●●●●●●●●⬆

Risk ●●●●●●●●●●⬆

Update: Community continues protests

La Nacion - 09 October 2014

Construction of the company's facility in Argentina had been halted since September 2013, and members of the surrounding community continued to protest the establishment of the facility. Reportedly, Monsanto threatened protesters with criminal punishments, and, along with the government and a construction union, at times violently attempted to stop the demonstrations. According to a representative of the protesters, up to 60 people have been injured in the conflicts.

Analysis: Given the number of reported injuries due to the conflicts between the community members and other stakeholders, including the company, the impact is seen to have increased. The escalation of the conflicts is considered exceptional in the industry and can serve to increase reputational risks as well, although the issue is still reported mostly by regional and local media outlets.

Impact ●●●●●●●●●●➡

Risk ●●●●●●●●●●➡

Update: Project halted in Argentina

BusinessJournals - 12 February 2014

Monsanto's USD 192 million project related to the construction of a corn seed production plant has been halted because the Argentinian local authorities dismissed Monsanto's environmental-impact assessment. The company accepted the rejection and stated that it will try to align the project to the new environmental requirements.

Impact ●●●●●●●●●●

Risk ●●●●●●●●●●

Protests against Monsanto plant in Argentina

Terraamerica - 18 September 2013

Monsanto's plan to build its biggest seed factory in Malvinas Argentinas, a poor community of 15.000 people is facing protests that started in September 2013. The construction was halted in October 2013 through legal action by protesters and local residents. The locals are worried about respiratory problems or allergic reactions that are caused by the spraying of transgenic soy with weed-killer glyphosate, one of the company's products. Medical specialists noticed a rise in cases of cancer and birth defects.

Analysis: Taking into consideration the nature of the protests regarding the community's health risks that are caused by the company's products, the impact is moderate. Although the media coverage for the incident was minimal, the company's reputational risks are considered moderate as health and safety issues are of great concern for the local community in Argentina.

Weapons

2

Category 2
Moderate



Locations: Palestine
Tags: Controversial Weapons

Impact ●●●●●●●●●●

Risk ●●●●●●●●●●

Monsanto's white phosphorous linked to Gaza conflict

Sputnik - 23 June 2015

An investigation carried out by the Current Events Inquiry blog revealed that Monsanto allegedly supplied the US government with white phosphorous used in the production of incendiary weapons. Reportedly, the activity had been going on for twenty years, with the company having full knowledge of the military use of its product. Weapons containing Monsanto produced white phosphorous were allegedly deployed during the 2008-2009 Gaza War, in which many civilians lost their lives. Although the Israeli government acknowledged that white phosphorous was used by the Israeli military during the conflict, there was no evidence linking the product to civilian victims.

Analysis: In spite of the seriousness of the allegations, there is no direct link between civilian casualties and Monsanto's white phosphorous. Still, given that the respective product is particularly manufactured for military purposes, the company may be considered to hold a certain responsibility.

Equally, involvement in such issues is likely to reflect negatively on the company, with important concerns being raised, especially among human rights activists, with regard to the company's business practices and ethics.

Governance Controversies

Business Ethics Incidents



Based on our event level assessment of impact and risk as moderate, the company has been assigned an overall controversy assessment of category 3.

Intellectual Property



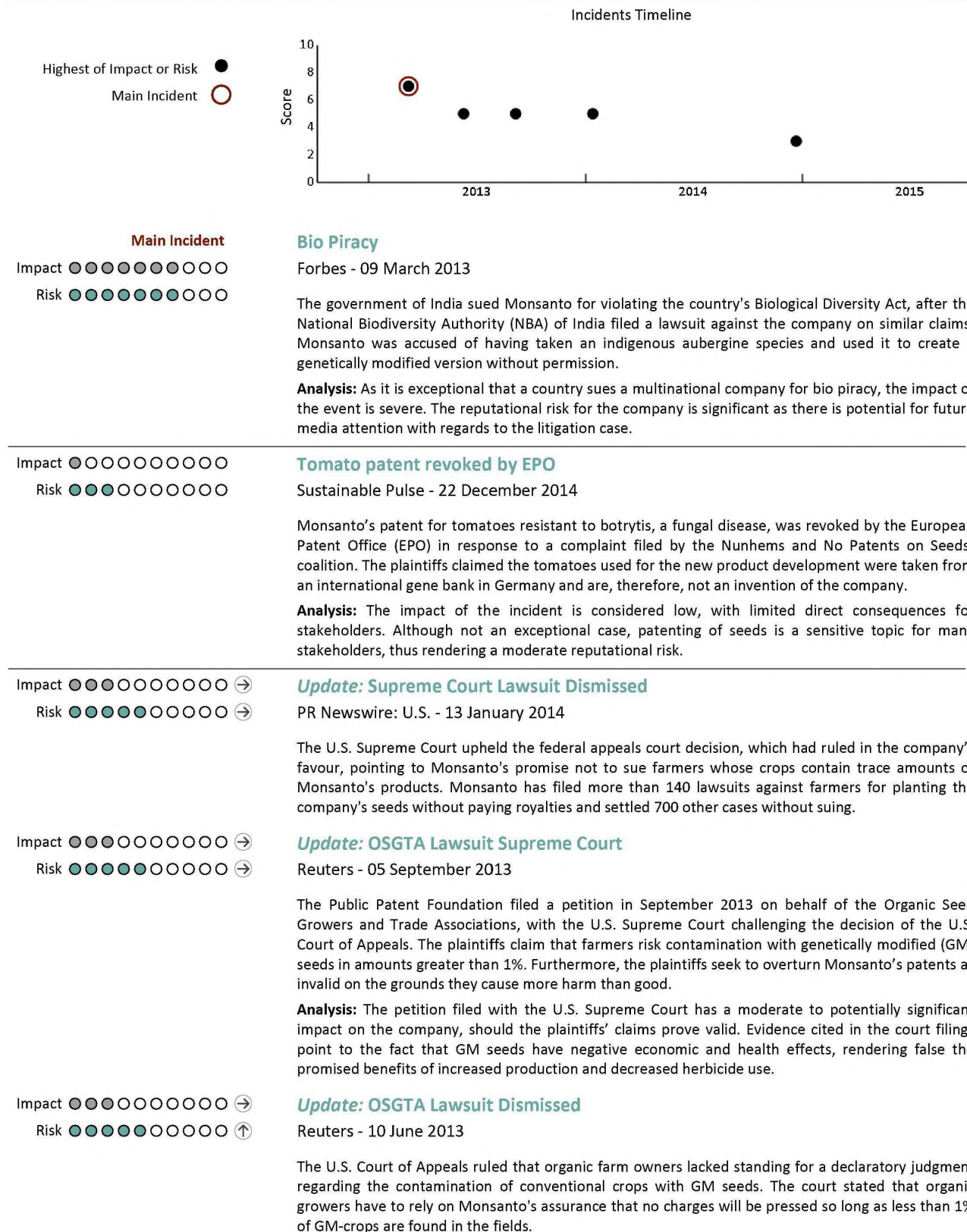
Sustainalytics' outlook for this controversy is neutral for the next two years, because:

- Monsanto has adequate policies and programmes in place however it has consistently denied allegations of wrongdoing. Monsanto's commitment to upholding human rights is salutary, given the company's involvement in patent cases which have been linked to food security and access to seeds issues.
- As some lawsuits are still ongoing, Sustainalytics remains neutral in its outlook assessment. Monsanto is a company with a controversial history even though it won most of the lawsuits in the past three years. If courts rule in the favour of the plaintiffs, the outlook will change to negative.

Assessment

Monsanto has been repeatedly criticised for its aggressive patent enforcement practices. In October 2011, Monsanto was sued by the government of India for contravening the country's Biological Diversity Act. The company was accused of taking an indigenous aubergine species and creating a genetically modified (GM) version without permission. While it is legal in India to develop GM seeds from indigenous plants, in this case the government had placed a moratorium on the use of aubergines following negative reactions from farmers. It is the first time a country has sued a multinational company for what has been labelled as biopiracy. Monsanto denied all accusations, blaming its Indian counterpart from the Mahyco-Monsanto joint venture for the illegal activities. In a different patent case, in March 2011, a group of US organic farmers filed a preemptive lawsuit against Monsanto in a bid to protect themselves against patent-infringement claims, should their crops become contaminated with Monsanto's seeds. Though dismissed in January 2014, the lawsuit points to stakeholder concerns regarding the company's intellectual property practices.

The controversies Monsanto is involved in can be considered significant. The company's aggressive patenting practices are deemed to be of concern as they can have a large impact on the livelihood of agricultural producers around the world. The Indian biopiracy case stands out in the industry and poses both reputational as well as potential financial risk to Monsanto.



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Risk ●●●○○○○○○○○○

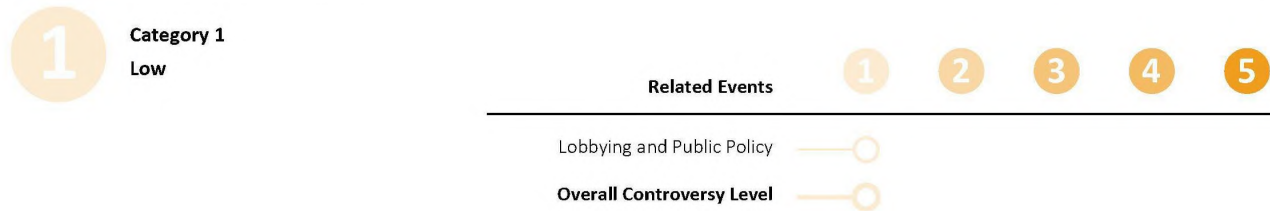
OSGTA Lawsuit

The Ecologist - 29 March 2011

Organic farm growers and supporting organisations filed a preventive class action lawsuit to protect themselves against legal action for inadvertently growing Monsanto genetically modified seeds on their plantations. Between 1997 and 2010, Monsanto filed around 800 patent cases against farmers who were found to be growing GM-crops in their fields without paying due royalties.

Analysis: The lawsuit has a moderate reputational impact on the company. It is intended to protect the interests of the Organic Seed Growers and Trade Association (OSGTA), an organization which does not want to commercialise GM products, but fears its crops might inadvertently become contaminated with GM seeds in amounts greater than 1%. Monsanto is known for aggressively enforcing its patent rights and for suing farmers whenever more than trace amounts of GM crops are found in their fields.

Public Policy Incidents



Based on our event level assessment of impact and risk as very low, the company has been assigned an overall controversy assessment of category 1.

Lobbying and Public Policy



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Risk ●●●○○○○○○○○○ ➔

Update: Divest Monsanto Now campaign

Charleston Gazette - 13 May 2014

Food Democracy Now, together with organic farmer coalitions and consumer groups have launched a one-day campaign, calling on investors to divest from Monsanto. The campaign follows after Monsanto and the Grocery Manufacturers Association expressed their intentions to stop the bill from being implemented by suing the state of Vermont.

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Risk ●●●○○○○○○○○○ ➔

Update: Vermont approves GMO labeling law

Toronto Sun - 25 April 2014

Despite Monsanto's and other companies' lobbying activities against the labelling of GMO food products, the state of Vermont passed a bill which requires mandatory food labels for GMO products. The bill is due to go into effect on 1 July 2014.

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Risk ●●●○○○○○○○○○ ➔

Update: Protests at shareholders' meeting

Charleston Gazette - 11 February 2014

During Monsanto's shareholders' meeting that took place in January 2014, the company repealed a minority shareholder's resolution stating that it had no intention to change its position regarding the labelling of genetically modified seeds. The company was criticised for investing in lobbying activities backing an anti-labelling campaign in order to persuade Washington state voters to change their mind about the labelling of genetically modified food. Protests against the company escalated and the police arrested ten participants.

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Update: Coalition against GMO labelling

Bloomberg Industry Research - 06 February 2014

29 seed and food companies, including Monsanto were criticised for forming the Coalition for Safe Affordable Food and lobby against the labelling of genetically modified food. The coalition urged the Congress to pass a bill obstructing future GMO-labelling initiatives. Companies opposing labelling initiatives argue that if successful, these could increase food costs and breed mistrust among consumers. Nevertheless, the industry Coalition for Safe Affordable Food has been criticised by various consumer groups for their anti-labelling stance.

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Update: Washington's Initiative 552

Medical Daily - 25 October 2013

DuPont, Monsanto and Dow, three of the biggest producers of bioengineered crop seeds, were criticised for investing USD 18.1 million in lobbying activities backing an anti-labelling campaign in order to persuade Washington state voters to change their mind about the labelling of genetically modified food. Washington joined 26 other states with proposals to mandate such labelling or to prohibit genetically engineered food. So far the proposals were rejected in all states.

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Risk ●●○○○○○○○○

Lobby against GMO labelling criticised

New Hampshire News - 28 November 2012

Monsanto among others was criticised for lobbying heavily against a proposed GMO labelling regulation. The "California Right to Know Genetically Engineered Food Act", which required the labelling of genetically modified foods by manufacturers, was rejected after 53.1% of voters in California voted against it.

Analysis: The direct impact of this event on the society is low. However, as there is no scientific consensus on GMO safety and since there has been significant media attention regarding this issue, the company may incur reputational risks for lobbying against GMO labelling.

Impact ●●○○○○○○○○○
Risk ●●○○○○○○○○○

First hearing of pro-GMO bill in Congress

OrganicConsumers - 11 December 2014

About 600 people protested in front of the US Congress against bill H.R. 4432, which modifies the Federal Food Drug and Cosmetic Act by prohibiting US states from enacting GMO labeling laws. The protesters claimed that Monsanto and the Grocery Manufacturers Association were using unfair methods to prevent activists from participating in the democratic debate by, among others, paying students to come early and occupy the seats.

Analysis: The impact of the incident can be seen as low by taking into account the scale of the protest. Although the allegations that Monsanto was involved in restricting access to a democratic debate could raise concerns among stakeholders, reputational risks are considered moderate given the importance that industry stakeholders attribute to the GMO debate.

Glossary of Terms

Controversy

An event or aggregation of events relating to an environmental, social and governance topic.

Event

A series of ad hoc or related incidents which pertain to a common theme.

Category 5 – Severe (raw score of 0):	The event has a severe impact on the environment and society, posing serious risks to the company. This category represents the most egregious corporate behavior.
Category 4 – High (raw score of 20):	The event has a high impact on the environment and society, posing significant risks to the company. This category often reflects structural problems in the company.
Category 3 – Significant (raw score of 50):	The event has a significant impact on the environment and society, posing moderate risks to the company.
Category 2 – Moderate (raw score of 80):	The event has a moderate impact on the environment and society, posing minimal risks to the company.
Category 1 – Low (raw score of 99):	The event has a low impact on the environment and society, posing negligible risks to the company.

Incident

Company operations and/or products and services that have a negative impact on the environment, society and external stakeholders.

Outlook

A forecast of how a Controversy Rating will evolve over a 12-month period based on a set of criteria including risk factors, a company's management systems and the external environment.

Negative	The event is likely to deteriorate within 12 months, leading to a downgraded rating of the corresponding indicator.
Positive	The event is likely to improve within the next 12 months, leading to an upgraded rating of the corresponding indicator.
Neutral	The event is unlikely to change significantly within the next 12 months, and is not expected to undergo a change in rating of the corresponding indicator.

Tag

A key word associated with a key ESG issue and linked to incidences to facilitate search functionalities.

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