



BASIC MATERIALS



COMPANY CASE **BAYER**

The State of Children's Rights and Business 2021

Mitigating root
causes of child labour



**Bayer****Country (HQ): Germany****Revenue (2020): 41.4 Billion EUR****Operations: 83 countries****Employees: 99,538 as per 2020**

Bayer's operations, commitments, and risk of child labour.

Bayer is a German multinational life science company with global headquarter in Leverkusen. The company is comprised of three divisions - Pharmaceuticals, Consumer Health and Crop Science. All three divisions operate globally and engage with numerous subcontractors.

The company has a vision expressed by the phrase, "Health for all, hunger for none" as they focus on delivering innovations in healthcare and agriculture. Bayer is guided in fulfilling this vision through its corporate purpose, "Science for a better life". Bayer's vision and purpose indicate that the company strives to create societal good within their core business.

During the last two decades, Bayer has experienced incidents of child labour in their indirect supply chain, mainly in India among suppliers of seed. In an effort to address these serious incidences, Bayer went beyond policy and initiated its own action program called the Child Care Program (CCP). Established in 2007, the Program is comprehensive, consisting of structured measures to address and act on child labour, including supporting children who are victims of child labour. Since the implementation of its Child Care Program, Bayer has made several advancements within the area of child labour, where they have managed to influence their value chain in India positively by addressing and acting on the issues related to child labour.

What is Bayer's unique approach to fight child labour?

There are three major factors contributing to Bayer's success in fighting child labour.

Firstly, Bayer has worked systematically on the issue for almost two decades, ever since they identified a number of cases among seed suppliers in the Indian sub-continent. During this period of time, Bayer learned from both setbacks and successes and is now in a position to share their learnings in this area.

Secondly, Bayer is a role model in terms of transparency, sharing information about risks and incidences of child labour within their supply chain. The company is openly committed to transparency as a matter of principle, recognizing that they are more successful

in managing problems when they learn and share with peers and stakeholders. This way of conducting business is now so well established that Bayer's shareholders have also come to expect this level of transparency.

Lastly, Bayer has chosen to work collaboratively with local NGOs as well as other corporations to address the issue of child labour at a systemic level, rather than limiting management of such cases to their own value chain. Bayer has made it a regular practice to initiate such collaborations.





Child labour - a global problem relevant for Bayer

In recent years the incidence of child labour globally has risen, and today an estimated 160 million children aged 5 to 17 are engaged in child labour.

The corporate sector's response is crucial in addressing this issue. Why? Because multinational companies with extensive supply chain networks are concurrently linked to the problem and key to developing and implementing at least some of the solutions.

Fortunately, this global rise in child labour is not reflected in Bayer's supply chain. Here, the trend has gone in the opposite direction. Looking back twenty years ago, Bayer had

several incidents of child labour within its indirect supply chain in India, mainly related to seed suppliers. These suppliers are crucial for Bayer's Crop Science division in that they provide the cross-pollinated seeds for cotton, corn, rice, and vegetables required for research and production of hybrid seeds that Bayer then markets and sells to local farmers. Seed collection is a labour-intensive process necessitating manual activities such as picking

and cross-pollination of crops. The seed industry has a long history of utilizing children as they are suited for work requiring agility and accept lower wages than adults.

To address this reality, Bayer's initial response was to establish a clear corporate commitment against child labour.

¹ <https://www.unicef.org/press-releases/child-labour-rises-160-million-first-increase-two-decades>



Fighting child labour – starting at home

In 2015, Bayer committed to the prohibition of child labour through their group-wide human rights policy, approved and signed by Bayer's board of management. The human rights policy provides a strong foundation for Bayer's methodology and partnership with suppliers in fighting child labour.

"For us at Bayer, it was very important that we started with how our own operations worked with human rights topics before we started to assess suppliers. By doing so, we found a clear position on all human rights topics, but also in particular regarding child labour. Since our business operations in India bring a high exposure of child labour, our corporate position on that specific topic is important in order for us to have an impact on our suppliers."

– Janina Lukas

Head of Ethics and Social Impact

Bayer has approximately 120 companies – referred to internally at Bayer as “organisers” – acting as first degree suppliers who purchase seeds from seed farmers and then distribute and resell to Bayer. Furthermore, there are around 29,000 seed farmers in India that are linked to Bayer's value chain through these organisers, where the seed farmers are second degree suppliers to Bayer. Before entering into a business relationship with Bayer, each supplier is assessed for, e.g., risk of child labour. If approved, each supplier (both first and second degree suppliers) must commit contractually to Bayer's Supplier Code of Conduct, including human rights requirements. By taking such measures, Bayer strives to create an impact that extends throughout its supply chain.

Recognizing that child labour is a complex societal issue that cannot be tackled independently, Bayer set out to go beyond policy and contractual commitments and undertook a number of initiatives which involved collaborating with suppliers and other stakeholders, as well as supporting children who were victims of child labour.

7,200

Children reached by the
Child Care Program

The Bayer Child Care Program – planting seeds to improve the lives of children

Since the inception of the Child Care Program in India, the CCP has contributed to a major reduction of identified cases of child labour with seed suppliers. According to Bayer, they monitored 43,241 workers in the first year of the program and identified 105 workers under the age of 15, equivalent to 0.24 % of the total workforce of seed suppliers. In 2019/2020, 0.01 % of workers were under 15 years, as the program identified 14 cases in a total workforce of 121,116 workers.

The Child Care Program has three pillars. The first pillar consists of proactive measures against child labour. Bayer maintains a dialogue with educational elements with seed farmers, focused on communicating the negative impacts child labour has on children.

The second pillar is focused on implementation and includes systematic and repeated audits of all seed farmers during the growing season. Generally, the Child Care Program field monitoring team visits every farm four times each season. If a child is identified amongst the employees, Bayer requests immediate rectification and then intensifies monitoring of that particular farmer. If there is no improvement, the farmer receives a written

warning to remove the underaged worker, and monitoring is further intensified. If there is still no compliance, Bayer reduces payment to that farmer by 10%. As a final measure, if the farmer in question continues to employ child workers, Bayer terminates the contract.

In addition to the second pillar, Bayer performs internal audits of the field teams conducting audits of seed farmers. The purpose of these internal audits is to ensure that field monitoring processes are performed in accordance with requirements set out in the Child Care Program.

Both the first and the second pillars of this methodology focus on the farmer. The third pillar, education, centers on children, the

victims of child labour. When monitoring teams identify child workers, remedial action is taken to ensure that the child attends school. In the beginning of the program, Bayer ran so-called bridge schools to prepare children for regular schooling. This is no longer necessary as the number of children is currently low. Instead, Bayer now supports parents in enrolling these children in local schools. In several cases, the supporting function of the Child Care Program has resulted in children continuing on to higher education. Since the inception of the Child Care Program, approximately 7,200 children in India have been reached by Bayer.



Transparency – essential in Bayer's work against child labour

Child labour incidents identified through the Child Care Program are reported in Bayer's annual sustainability **report**.

When cases are disclosed, Bayer also reports on where they occurred, the number of cases and which crops were involved. The company has stated that transparency regarding child labour is crucial as many stakeholders now request it.

Opting for transparency is not necessarily the easiest route for Bayer given that they are criticized for the cases they report on. However,

a major reason behind Bayer's determination to continue with transparent practices is the fact that such efforts, coupled with the Child Care Program, have had a definite positive impact on many children. Bayer acknowledges that it is better to know and show in order to learn and grow.

” Our relationship with the suppliers has grown stronger thanks to the Child Care Program. Our field monitoring teams are able to give farmers advice on how to improve their agriculture methods when they conduct their audits.

Positive outcomes of Bayer’s successful work against child labour

The CCP has been successful in drastically reducing the number of child labour incidents to such a degree that Bayer was able to close the bridge school they funded at the outset of the program (as mentioned above). In addition to achieving a massive reduction of child labour in the operations of seed suppliers, Bayer’s work in opposition to child labour has generated additional positive outcomes for the company.

Firstly, Bayer has strengthened its relationships and engagement with seed suppliers in India, a collaboration which has resulted in increased productivity on the part of the seed farmers. In 2006, an average seed yield per acre was 254 kilograms of seeds. In 2020, this number rose to 307 kilograms of seeds.

” Our relationship with the suppliers has grown stronger thanks to the Child Care Program. Our field monitoring teams are able to give farmers advice on how to improve their agriculture methods when they conduct their audits. You could say that we have managed to link our quality management with the Child Care Program.”

– Suhas Joshi

Head Sustainability & Business
Stewardship in South Asia

Secondly, Bayer has built strong relationships with several NGOs. Collaboration is now based on a foundation of trust, built up through the years. Local NGOs and Bayer increase and reinforce each other’s competencies in the area of child labour, and that has been essential to Bayer’s success in the program. Bayer also deals with less negative criticism presently. By addressing the issues of child labour and taking action on them, Bayer’s Head of Ethics and Social Impact Janina Lukas concludes: ***“The Child Care Program and other agriculture incentives that Bayer participates in provides collaboration with other companies and local NGOs whereby we constantly learn and develop our methods. Because of this, we are able not only to improve our engagements but also to extend our engagement in fighting child labour.”***

For more information on Bayer’s sustainability journey, please visit Bayer’s [sustainability site](#).

About this case

Part of the Global Child Forum
Corporate Sector and Children's Rights Benchmark

This case is based on publicly available information and interviews with representatives at Bayer.

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