



November 2, 2015

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Dear Jo, Jane and Margaret,

I write in response to your letter to Mr. André Calantzopoulos, Chief Executive Officer of Philip Morris International, Inc. (PMI), dated October 9, 2015.

We take the findings outlined in your letter seriously and thank you for the constructive dialogue we have been maintaining on these issues. We believe you have helped to enable additional progress and stakeholder alignment over the last year.

We would like to reassure you that, notwithstanding PMI's change in business model as of the 2015 season,<sup>1</sup> we remain fully committed to the improvement of farm labor conditions. The final external assessment report released this summer includes detailed action plans developed by our suppliers in collaboration with PMI to address the issues identified in the report.

For the sake of transparency the external report and the detailed action plans are available on our website<sup>2</sup>.

### **PMI's standards**

Regarding your specific questions on PMI current policies:

- 1) *What is PMI's policy regarding work by Children under 18 on tobacco farms supplying PMI in the US and globally?*

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<sup>1</sup> [http://www.pmi.com/eng/media\\_center/press\\_releases/Pages/philip\\_morris-international-inc--announces-new-u-s--tobacco-purchasing-model.aspx](http://www.pmi.com/eng/media_center/press_releases/Pages/philip_morris-international-inc--announces-new-u-s--tobacco-purchasing-model.aspx)

<sup>2</sup> [http://www.pmi.com/eng/sustainability/good\\_agricultural\\_practices/agricultural\\_labor\\_practices/Documents/CU\\_Third\\_Party\\_Assessment\\_PMIM\\_LLC.pdf](http://www.pmi.com/eng/sustainability/good_agricultural_practices/agricultural_labor_practices/Documents/CU_Third_Party_Assessment_PMIM_LLC.pdf)



PMI's policies have not changed since our last exchanges on the topic<sup>3</sup> and are reflected in our ALP Code<sup>4</sup>. Our policy prohibits hazardous work for children under 18.

*“• There is no employment or recruitment of child labor. The minimum age for admission to work is not less than the age for the completion of compulsory schooling and, in any case, is not less than 15 years or the minimum age provided by the country's laws, whichever affords greater protection.*

*• No person below 18 is involved in any type of hazardous work.*  
*• In the case of family farms, a child may only help on his or her family's farm provided that the work is light work and the child is between 13 and 15 years or above the minimum age for light work as defined by the country's laws, whichever affords greater protection.”*

2) *Under PMI's policy, what specific tasks are permissible for children under 18 to do on tobacco farms supplying PMI, and under what circumstances?*

We do not provide global guidance as these can vary significantly depending on many factors (the type of farm, type of tobacco, alternative crops, etc.), and the circumstances in which the work is carried out. For example, off-field activities such as preparing seedbeds or tending to seedlings can be allowed, provided the other circumstances are acceptable (e.g. adequate hours of work, no use of dangerous machinery, no risk of exposure to pesticides, etc.).

We acknowledge that further guidance is necessary for the whole sector. Through the Eliminating Child Labor in Tobacco Growing Foundation, we are supporting a project led by the International Labor Organization to develop global guidance on which tasks constitute hazardous child labor in tobacco growing<sup>5</sup>.

3) *Does PMI prohibit “hazardous work for children under 18, as defined by ILO standards? If the company prohibits hazardous work for children under 18, what specific tasks does PMI define as hazardous? Does PMI allow for any circumstances under which children under 18 can perform these types of tasks? If so, under what specific circumstances?*

Our policy prohibits hazardous work for children under 18, without exceptions. We provide growers with specific guidance, guided by ILO's general framework, reflecting the specificities of tobacco growing on what we believe is hazardous work, including:

- Driving vehicles or operating machinery with moving parts

<sup>3</sup> Please see PMI's letters to Mrs. Jane Buchanan and Mr. Arvind Ganesan dated February 4 and April 24, 2014.

<sup>4</sup> [http://www.pmi.com/eng/media\\_center/company\\_statements/documents/alp\\_code.pdf](http://www.pmi.com/eng/media_center/company_statements/documents/alp_code.pdf)

<sup>5</sup> <http://www.eclt.org/news-item/eclt-foundation-ilo-sign-agreement-combat-child-labour-tobacco/>



- Using sharp tools in movement (e.g. stalk cutting with a machete)
- Handling and applying crop protection agents or fertilizers
- Carrying heavy loads (e.g. loading curing barns)
- Working at heights (e.g. in a curing barn)
- Working long hours that interfere with health and well-being
- Working in extreme temperatures
- Working at night
- Harvesting, topping and suckering

4) *How does PMI monitor child labor and the treatment of child workers on farms supplying tobacco to PMI and to PMI subsidiaries and suppliers?*

We have described our general approach in previous exchanges<sup>6</sup>. Notwithstanding, during the 2015 crop, significant changes were introduced as our purchasing model changed.

As such, and in advance of the season, there was substantial preparatory work to enable our two suppliers to implement the ALP program, in line with our contractual requirements.

### **Preparation for the 2015 season**

To support farm monitoring and the overall implementation of the ALP program, each supplier did the following:

- Created its own ALP team and steering committee, involving all the relevant functions and senior management. The suppliers currently have approximately 30 field staff with 6 staff fully dedicated to the program ( PMI maintains two U.S. based agronomists to support our suppliers' efforts)
- Conducted two day training sessions conducted by Verité and PMI's staff and involving all of suppliers' ALP team and steering committee
- Held 5 training sessions for field staff (40 hours of training) and 17 group training sessions on ALP including all contracted farmers
- Delivered to farmers an information toolkit which included the list of hazardous activities as per PMI policies, a GTS information sheet (English and Spanish), a safety training hand-out, a Department of Labor (DOL) Youth Agriculture Pocket Guide, a DOL suggested time sheet, a DOL suggested

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<sup>6</sup> Please see PMI's letters to Mrs. Jane Buchanan and Mr. Arvind Ganesan dated February 4, 2014



Worker Terms and Conditions form (English and Spanish), a worker training log example, and an emergency contact information poster.

### **The 2015 season - monitoring and information gathering**

Since the beginning of the ALP program, we have noted a general improvement in farmers' willingness to align their practices with the ALP Code requirements.

Related to the collection of farm profile information and follow-up farm visits, the two suppliers took different approaches. One supplier collected most of the farm profile information upon contract signing, with additional information gathering and verification conducted in three follow-up farm visits. The second supplier collected basic profile questions upfront, and subsequently collected detailed information for every farm during three farm visits throughout the season (the last one during the peak harvesting season).

Despite the general improvements noted previously, child labor continues being a matter of concern. A majority of the child labor incidents reported (60 in total, mainly in Kentucky) were situations of children helping on a family farm and potentially<sup>7</sup> doing hazardous work (mostly manual labor such as topping or harvesting, but not pesticide application/handling). Typically, these cases were addressed in follow up visits by suppliers' staff with discussions focused on what kind of activities are not appropriate for the farmer's children and why, and suggesting other opportunities for the farmer's children to be involved in the family business without engaging in hazardous work.

Our suppliers did identify a few situations where children were being hired to work on the farm and doing hazardous work. In these cases, there was an immediate follow-up visit and the discussion focused on ending the practice and the immediate business consequences of not doing so, while trying to preserve the interests of the child, as appropriate.

As the season comes to an end, suppliers will conduct an assessment of each farmers' performance and commitment to the ALP program in 2015. This, among other factors, will determine contract renewals, adjustments or non-renewals.

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<sup>7</sup> Information about children's activities on the farms was also collected with the farm profiles. As such, many of the reported incidents relate to information volunteered by the farmer suggesting children involvement with hazardous work and not actual incidents observed by field staff.



## Working with stakeholders and with the local community

We continue to believe the issues in the United States can only be solved as part of a collective sector-wide approach that includes all relevant stakeholders. This is why we were pleased to participate in the meeting held this year with the U.S. Secretary of Labor and the White House Domestic Policy Council. We continue to believe the U.S. standards should be strengthened to come into line with international standards. We also remain committed to the Farm Labor Practices Group (FLPG) and have maintained close contact with potential NGO partners, the U.S. Department of Labor and other stakeholders to advance HRW's recommendations regarding alternative activities for children in tobacco growing communities.

Progress with these multi-stakeholder efforts has been slow and we will continue to strengthen our own initiatives. One such example is our work with the North Carolina State University (NCSU) to provide health and work safety education to farmers, farm labor contractors (crew leaders), farmworkers and their families. This program is particularly focused on immigrant farmworkers and their families, both to improve safety on farms and to support farmworker families on health, nutrition, youth development, educational opportunities and other community-based programs. In 2014-2015 NCSU delivered 47 on-farm training sessions to over 1,300 farmworkers, with the support of 75 tobacco growers<sup>8</sup>. NCSU also organized 9 community events for more than 274 farmworkers and their families, 138 of whom were youth. In September 2015, a large "Farmworkers Appreciation Festival" was held to recognize and educate farmworkers and their families. More than 500 people attended, 360 of whom were farmworkers and their families, benefiting from educational and entertainment activities, health and dental screenings, and information from more than 20 agencies about resources and services available to them in the local community<sup>9</sup>.

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The issues you bring to our attention are serious and more work remains to be done. We are confident the information we have exchanged with HRW and the information we have made publically available about continued concerns and progress in our tobacco supply chain leaves no doubt about our efforts and commitment.

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<sup>8</sup> <http://www.cals.ncsu.edu/agcomm/news-center/perspectives/extension-farmworkers-health-and-safety-education-program-connects-growers-immigrant-farm-workers-and-communities/>

<sup>9</sup> <http://www.cals.ncsu.edu/agcomm/news-center/perspectives/wayne-county-farmworkers-appreciation-festival-brings-community-together/>



PHILIP MORRIS INTERNATIONAL  
MANAGEMENT SA

We appreciate the open dialogue and constructive work we have been able to do so far and remain available to discuss these important issues.

Sincerely,

Miguel Coleta

Director, External Labor Policies

Cc: Mr. André Calantzopoulos, Chief Executive Officer  
Mr. Marco Mariotti, Senior Vice President, Corporate Affairs  
Mr. Nicolas Denis, Vice President, Leaf  
Mr. Jon Huenemann, Vice President, US and International Affairs