



PHILIP MORRIS INTERNATIONAL

February 4, 2014

Ms. Jane Buchanan  
Associate Director, Children's Rights Division  
Mr. Arvind Ganesan  
Director, Business & Human Rights Division  
Human Rights Watch  
350 5<sup>th</sup> Avenue, 34<sup>th</sup> Floor  
New York, New York 10118-3299

Dear Ms. Buchanan and Mr. Ganesan,

I write in response to your inquiry to Mr. André Calantzopoulos, Chief Executive Officer of Philip Morris International, Inc. (PMI), dated December 11, 2013, regarding Human Rights Watch's (HRW) recent research on child labor in the United States. Thank you for continuing this constructive dialogue and for recognizing PMI's efforts to address child labor and other labor related issues in tobacco growing. PMI is committed to progressively eliminate child labor and other labor related abuses on all farms from which we source tobacco and takes responsibility for our role in achieving this goal.

We take the findings outlined in your letter very seriously and are eager to understand how they relate to the farms with which PMI contracts in the United States. Included in this letter are responses to your specific questions and, as we have done before, we would like to exchange additional information with you in order to help us address specific issues occurring on farms contracted by PMI.

We would also like to take the opportunity to share the key steps we are taking to implement our Agricultural Labor Practices (ALP) program around the world and highlight aspects relevant to implementation in the United States. Through ALP, we aim to promote fair and safe labor practices on all farms that grow the tobacco we buy.

As you know, since 2011 we have had a strategic partnership with Verité, a US-based international not-for-profit organization, whose mission is to ensure people worldwide work under safe, fair, and legal conditions. Verité has played a critical role for us, providing experience, advice and hands-on support in the creation, implementation, and monitoring of the ALP Program to improve conditions for workers on farms in countries where tobacco is purchased for PMI products.

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<sup>1</sup> In this letter, "PMI", "we", "us" and "our" refer to Philip Morris International Inc. and/or its subsidiaries including affiliates.



Since ALP's inception, over 3,700 PMI employees (and our suppliers) and nearly 500,000 tobacco growers<sup>2</sup> in more than 30 countries have been trained on ALP principles and standards for the farms where we source tobacco. This was an important step toward achieving one of the program's first phase goals which was to provide field technicians and others in contact with growers, basic knowledge on human rights and labor practices, the ALP Code's measurable standards, and to build the necessary skills to implement the Code on the farms they support. Subsequent to the training, field technicians started to communicate and explain the ALP Code requirements to all farmers, discuss how these standards relate to the way they run their farms, and to win farmers' commitment and support for their implementation.

Also during the first phase of the program, each PMI affiliate or supplier collected basic socio-economic profiles for every contracted farm (Farm Profiles)<sup>3</sup>. This data helped to identify relevant risks and set priorities to address them. We also trained affiliates and suppliers to manage "prompt action" issues, which we define as situations where workers, growers, or their families are in danger and immediate action to resolve the problem is necessary.

In 2013 we began the second phase of the ALP program which focuses on tackling the top priority issues identified in phase one and investing in capacity to systematically address issues and measure our progress on a long-term basis. More detailed information regarding our approach, the various components of ALP and our progress worldwide is available on our website at [www.pmi.com](http://www.pmi.com), including a link to our 2012 ALP progress report. The 2013 report will be published later this month.

In the United States, we have worked to better understand labor practices and to adapt the ALP program to address the unique complexities of the environment. While we have direct contracts with growers, our direct contact with them is limited. In addition, there are no field technicians in United States. Instead, the role of the field technician has traditionally been performed in the US by land-grant universities, which have provided farmers in all agriculture sectors the services of "university farm extension specialists" who provide technical guidance to growers on agronomy related issues.

In addition, in 2011 we commissioned Verité to conduct a limited, preliminary assessment of labor conditions on US flue-cured and burley tobacco farms, mainly in North Carolina and Kentucky. Our objective was to use this information to improve our understanding of farm labor practices and define priority areas for the ALP program. This preliminary assessment, while narrow in scope, included onsite research and interviews with growers, workers and local, state and national stakeholders over the course of several weeks.

Verité's limited assessment raised concerns about the use of farm labor contractors (crew leaders), particularly on burley tobacco farms. Specifically, Verité found a lack of growers' knowledge about crew composition and practices. The assessment also raised concerns regarding minors performing hazardous work on family farms; however the fact that minors were working as part of hired crews was not raised as an issue or a specific area of concern.

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<sup>2</sup> Independent farmers growing tobacco under contract with a PMI affiliate or supplier. In the US, we adopt the common designation of "growers" instead of "farmers."

<sup>3</sup> Farm profiles include detailed information about, among many things, the type of labor employed, farming activities in which minors may be involved in, and hiring practices. For more detailed information see ALP Progress Report 2012, p.19 and Att.



Verité's assessments have helped shape our initial training and communications efforts with growers and the detailed Farm Profiles collected have enabled us to conduct farm visits more strategically, based on individual farm risk assessment.

While these are steps in the right direction, we recognize many systemic issues in US agriculture impact the implementation of the ALP Program. For this reason, we are exploring other avenues to make real progress in this area. We were one of only two companies to collaborate with Oxfam America's research on human rights and labor conditions in tobacco growing in North Carolina. We pursued the recommendations set out in Oxfam America's report, engaging with farm worker representatives, growers associations, other companies, NGOs and government authorities in North Carolina, and established a structured and meaningful dialogue to improve working conditions on tobacco farms and, more broadly, in the agricultural sector.

These engagements led to the creation of the Farm Labor Practices Group, which includes other tobacco manufacturers, leaf buying companies, growers' organizations, labor representatives, NGOs and the U.S. Department of Labor. This group met for the first time in April 2012 in Raleigh, North Carolina, with subsequent meetings held in 2012 and 2013. As a result of these discussions, working groups were created to develop farmworker health-and-safety training and education, recommend policy changes, improve worker access to effective grievance mechanisms and address potentially related matters, such as freedom of association. PMI has assumed leadership roles in each of these groups, and more information on progress to date is included in the enclosed document.

We would like to invite Human Rights Watch to present your findings to this group at its next meeting in April 2014, and to help us to better define a common industry approach to addressing these serious issues. If this is of interest to you, we welcome a more in-depth discussion about this work and logistics for attending when we meet in New York.

As always we appreciate the opportunity for an open and constructive dialogue and look forward to discussing these issues further on February 6<sup>th</sup>.

Best regards,

Jennifer P. Goodale

Vice President, Contributions and External Labor Policies

- Encls:
- Annex I – PMI's answers to the questions raised by HRW
  - Annex II – PMI's newsletter informing US growers about the implementation of the ALP Program - Q4 2011
  - Annex III – PMI's newsletter to US growers focused on farm labor contractors, Q3 2013

cc: Mr. André Calantzopoulos, Chief Executive Officer  
Mr. Miguel Coleta, Director, External Labor Policies

Annex I – PMI's answers to the questions  
raised by HRW

**Question #1: What types of tasks on tobacco farms does Philip Morris International consider to be “hazardous work” under its policy that “No person below 18 is involved in any type of hazardous work”? What steps does PMI take to enforce the prohibition on children working in these types of tasks in its global supply chain and, in particular, in its United States supply chain?**

A significant part of our guidance and training to growers is about child labor and hazardous work; we provide concrete examples of the hazardous activities in tobacco growing, which we define as:

- Driving vehicles or operating machinery with moving parts
- 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

Our ALP Code maintains generally stricter standards than defined in US federal law<sup>1</sup> and the relevant states’ laws, both in terms of the types of activities deemed hazardous and the age limits for performing such activities. This was a key focus in discussions with growers during training sessions and during implementation of the ALP program in the United States.

We included guidance on PMI’s ALP child labor standards in the first newsletter sent to all US contracted growers in the 4<sup>th</sup> Quarter of 2011<sup>2</sup>, informing them about the ALP program implementation. In early 2012, we incorporated the ALP Code standards in our contractual arrangements with all growers, trained relevant PMI staff as “trainers”, and conducted a total of 76 local training sessions during the period of February, March, and April, covering all farms contracted by PMI (more than 3000) in the US.

During these training sessions, we discussed in detail the ALP Code principles and standards and our approach to its implementation: to work with growers to address problems and provide support to improve practices. We also made it clear that if there

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<sup>1</sup> US Government’s Definition of Hazardous work (Occupational Health and Safety Administration): <http://www.dol.gov/elaws/esa/flsa/docs/hazag.asp>

<sup>2</sup> See annex II

is no commitment to corrective actions, or if there is a persistent lack of action and improvement, we would terminate our relationship with the grower<sup>3</sup>.

During the initial stage, we found several cases in which growers were unwilling to follow our child labor standards. These growers did not agree with our positions and we therefore could not expect these farms to comply with our standards. Due to these disagreements, we severed ties with approximately 20 growers when the ALP standards became part of our contracts.

In the absence of field technicians, we mobilized personnel from various Leaf functions who, together with Verité and colleagues from the Corporate Affairs team in Washington, DC, conducted the initial training and collected Farm Profiles. Our team then conducted follow-up farm visits based on the analysis of the Farm Profile data which revealed two main areas of concern: children performing hazardous work in the context of family farms and use of crew leaders (farm labor contractors). We visited 111 farms and discussed with each grower specific situations on their farm related to child labor. The main purpose of these visits was to underscore PMI's attention to the issue of child labor, and to confirm that growers clearly understood hazardous activities for children on the farm, and most importantly, why these activities were hazardous.

We believe that the growers' buy-in and commitment are key factors for ALP Code adherence and for genuine behavior change. This is even more relevant in the US, given the lack of field technicians and of regular PMI presence on the contracted farms.

While all the growers we visited were adamant that children should never be put in hazardous situations, the specific limits set in the ALP Code were often perceived as being at odds with growers' traditional practices and beliefs (which are reinforced by the US regulatory framework). Nonetheless, we discussed and growers agreed to changes in practices where necessary. In a small number of cases, growers indicated they hired "high-schoolers" (ages 16 and 17) to "help on the farm." Normally, this extra help was sought during peak harvest season, when most tobacco related activities can be deemed hazardous, so growers were asked to find another source of labor and/or to ensure these "high-schoolers" did not work in tobacco on their farms. Our team also conducted unannounced follow-up visits on approximately 20% of the farms to check on implementation of the agreed changes.

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<sup>3</sup> [http://www.pmi.com/eng/media\\_center/company\\_statements/documents/aip\\_code.pdf](http://www.pmi.com/eng/media_center/company_statements/documents/aip_code.pdf) (p.10)

During the second phase of the ALP program which has just begun in the US - we will proceed with farm-by-farm systematic monitoring of the ALP Code standards. Phase two will involve not only technical staff and receiving station operators, but also additional staff to support monitoring of ALP implementation, and to address the limitations posed by the lack of field technicians. Our objective is to develop the capacity to cover at least 50% of the grower base in 2014 and 100% in 2015.

Additionally, Control Union, a third party auditor, will conduct an external assessment<sup>4</sup> of ALP implementation status during the 2014 peak season. As you are aware, these external assessments are an intrinsic part of the overall ALP monitoring system, and we scheduled this 2014 assessment in the US over a year ago.

We recognize there are challenges in gaining visibility to the presence of this vulnerable minority population in US agriculture. We continue to expand our outreach to US stakeholders, and we hope the knowledge you have gained as part of your research can assist us in this effort.

Regarding our worldwide implementation of ALP, and particularly our efforts to enforce child labor standards, children involved in hazardous work fall under the “prompt action” category, and steps taken to address the issues vary depending on the seriousness of the problem and the particular context of the farm. These issues could lead to non-renewal of a grower’s contract, but typically involve additional farm visits by managers or supervisors to verify the issue and/or how it is/was being remedied<sup>5</sup>. While we have sought remedial action for the individual child labor cases identified, more often than not these were a reflection of systemic social and economic issues, and not isolated problems.

We focus on practical approaches to support growers, workers and their families and our initiatives have ranged from reducing a growers’ reliance on family labor, to bringing in child labor specialists to provide direct social support to growers’ or workers’ families when issues are identified. In Ecuador, for example, we partner with a local NGO (Desarrollo y Autogestion - DyA) specialized in tackling child labor. Under this partnership, social workers from DyA are now visiting farms on a regular basis, following up with the families when child labor situations are identified, and implementing an extracurricular activities’ program that currently reaches 80% of tobacco farms. In

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<sup>4</sup> Complete information on our ALP’s monitoring system can be found in PMI’s 2012 ALP Progress Report (p. 17-20). Further we refer to our meeting in New York City, May 30, 2012 where we had the chance to discuss the monitoring system in detail.

<sup>5</sup> Consistent with the feedback received from various stakeholders, we have made clear in our ALP Code that “in all actions concerning children, the best interests of the child shall be the primary consideration.”

Pakistan, we implemented a pilot to help farmers switch from “sticking” the tobacco for curing, often done by children, to a much less labor intensive process using a simple device (“clip-sticks”). In parallel we worked with a local NGO and the education department to provide recreational and educational alternatives for farmer’s children and ensure the commitment of local communities. There was a significant reduction in the number of child labor incidents reported and we are taking the learnings from this pilot to expand the initiatives in Pakistan. In our upcoming 2013 ALP Progress Report we include detailed information about other initiatives worldwide.

**Question #2: What is meant by the ALP measurable standard: “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” in the context of the measurable standard: “No person below 18 is involved in any type of hazardous work”?**

The minimum age requirements for admission to work are defined by the International Labor Organization (ILO) Convention 138, which states that these requirements “shall not be less than the age of completion of compulsory schooling and, in any case, shall not be less than 15 years”. In absence of stricter national law, the ALP Code sets the ILO’s convention standard as the minimum age acceptable to us. Also in line with ILO’s Convention 138, no person under 18 can be involved in hazardous work. With regard to tobacco growing, this means that none of the activities listed as part of our answer to Question #1 may be carried out by children, regardless of age.

This does not mean, however, that all activities related to tobacco growing are prohibited for minors. Based on our research and in consultation with experts and stakeholders, we believe this approach is consistent with international standards, including the ILO conventions related to child labor.

**Question #3: Given the ALP’s prohibition on persons under 18 being involved in hazardous work, how does Philip Morris International monitor for child labor on farms supplying tobacco to PMI or to intermediary companies from which PMI buys tobacco? Specifically, how does Philip Morris International conduct this monitoring in the United States?**

The implementation of the ALP Program is compulsory for all companies supplying tobacco to PMI. Our contractual arrangements reflect these obligations, and our suppliers worldwide have rolled out implementation of the ALP program just as PMI

affiliates have done. This includes systematic monitoring of child labor as well as the other standards and principles of the ALP Code. Our two main global suppliers have shown complete commitment to the ALP Program and we have seen concrete evidence of this worldwide. As an example, over the course of last two years, our suppliers added hundreds of new staff to its operations worldwide to support ALP implementation, and in Africa have set up dedicated teams focused solely on supporting field technicians to monitor and address labor issues.

**Question #4: How does Philip Morris International monitor the implementation of ALP policies concerning payment of wages to workers on tobacco farms in its supply chain and deductions from workers' wages (such as for provision of water, transportation, or the like) and working hours? Does PMI have a policy concerning breaks for workers?**

As discussed in prior meetings, the ALP monitoring system covers all principles and standards of the ALP Code, including those related to workers' wages and working hours. Our ALP Code requires working hours to be in compliance with local laws and—although we do not set specific standards for “breaks”—we recommend through guidance and training, that proper rest time and time for workers to spend with their families is respected and implemented.

In the US, one key concern in Verité's preliminary assessment was the presence of farm labor contractors in our tobacco growing supply chain, specifically, many growers' lack of visibility into contractors' practices, including workers' payment. Verité's preliminary assessment also suggested a much higher prevalence of this practice in burley producing areas (Kentucky) than in flue-cured (North Carolina) farms, and different levels of risk depending on various factors<sup>6</sup>.

Accordingly, the US team adapted the Farm Profiles to gather more detailed information during the 2012 season. Data showed that in 2012, 20% of our total base utilized the H-2A federal migrant worker visa program, 21% utilized crew leaders, 57% utilized other sources of labor (such as local labor), and 2% used a combination of H-2A and another source. Additionally, our data showed that all growers using the H-2A program paid

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<sup>6</sup> Burley farms are typically much smaller than flue-cured farms, and only hire labor for a limited period during the season. Flue-cured farms are typically larger, more crop diverse, and have higher labor needs for longer periods of time. As such, in North Carolina, the majority of growers use H-2A labor, whereas in Kentucky the use of the program is very limited as H-2A is perceived as expensive and is geared toward large farm operations. Levels of risk varied depending on whether growers use the H-2A program (lower risk), the type of relationships established between growers and workers in the crews (many times workers come back to the same farms and have a good close relationship with growers), methods of payment (whether directly to the workers or to the crew leader), etc.

their workers directly, while only 30% of growers using crew leaders paid workers directly.

In 2013, we focused our ALP training and communication with growers on the use of farm labor contractors<sup>7</sup>, increasing our outreach in high risk areas (burley region), where we organized meetings with over 400 growers to raise awareness and increase the utilization of the H-2A program. We also conducted 336 follow-up farm visits during the season to discuss and assess situations on farms based on the previous season Farm Profile data<sup>8</sup>.

During these initial visits held after the trainings, we found that 23% of growers had already taken action since the previous season when they completed the Farm Profiles. On remaining farms when we identified situations not in line with the ALP Code (the most common being the indirect payment of workers through crew leaders), we agreed to changes with growers. Changes included switching to sourcing labor through the H-2A program, paying workers directly or, as an interim step, to require proof of workers' pay and hours from crew leaders. In subsequent random follow-up visits, which covered 20% of the farms already visited, we found that approximately 50% had made changes to align with the ALP Code.

Farm Profile information collected thus far for the 2013 buying season indicates progress related to our ALP standards as preliminary data suggests a 10% increase in labor sourced through the H-2A federal program on US flue-cured farms and 5% increase on burley tobacco farms. In our meeting we can further discuss additional anecdotal evidence that seems to corroborate this point.

With regards to the deep-rooted systemic issues that control the way agricultural labor is sourced and managed in the US, and in addition to the collective efforts of the Farm Labor Practices Group (referenced above), since 2012 we have advocated before the US Congress and worked with additional stakeholders to encourage an improvement in the H-2A system so that growers are better able to utilize this regulated labor source.

**Question #5: What steps does Philip Morris International take to ensure that workers on tobacco farms in its supply chain, and not only growers, are informed about nicotine poisoning/Green Tobacco Sickness, risks associated with pesticide exposure,**

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<sup>7</sup> See annex III

<sup>8</sup> These visits occupied 12 PMI personnel between the months of April and August.

**risks associated with dangerous tools, heavy machinery, and working at heights, and other health concerns? How does PMI monitor the implementation of these policies?**

PMI's commitment to farm safety has long been reflected in our Good Agricultural Practices (GAP) Program<sup>9</sup> and our ALP Code sets specific standards to help growers achieve a safe work environment on tobacco farms. Monitoring of our progress in this area is part of the ALP monitoring system discussed with HRW on earlier occasions.

Implementation of the ALP program broadened and deepened the scope and focus of our health and safety policies and brought greater determination to our initiatives, namely, in assessing how these policies translate into both grower and worker behavior change. For example, with regards green tobacco sickness (GTS) we have observed differences in growers' and workers' practices in some areas and have now put more focus on how workers are informed and trained to undertake the adequate protective measures<sup>10</sup>.

In all countries where we purchase tobacco, there are many, diverse initiatives in place focused on the specific risk areas identified to improve safety on farms. These include:

- Leveraging the expertise of colleagues from PMI's Environment, Health and Safety Department (EHS) to develop specialist approaches to farm risk assessment and training programs for field technicians.
- In countries where the availability of proper safety equipment on farms is a concern, PMI and its suppliers will include this equipment as inputs provided to all growers (this includes Personal Protection Equipment (PPE) for applying Crop Protection Agents (CPA), rubberized gloves, capes, CPA lock-up boxes, etc.). We emphasize and check that workers do not pay for PPE.
- Working with PPE equipment suppliers to evaluate alternative fabrics and equipment design that will improve "wearability", and who have cooperated in industry-wide studies to design improved safety equipment.
- Working with chemical manufacturers and distributors on the retrieval of CPA packaging and extending existing recycling programs.
- Providing financial and logistical support for growers to attend specialized training (e.g., by third parties such as government agencies).
- Extending existing credit lines for urgent repairs or implementation of safety measures.

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<sup>9</sup>[http://www.pmi.com/eng/sustainability/good\\_agricultural\\_practices/pages/good\\_agricultural\\_practices.aspx](http://www.pmi.com/eng/sustainability/good_agricultural_practices/pages/good_agricultural_practices.aspx)

<sup>10</sup> Anecdotal evidence suggests significant differences in GTS incidence according to crop types and climatic zones (humidity levels in particular), which are likely associated with different levels of risk perception, but these do not explain differences between growers' and workers' practices within a given area.

- Integration of safety and prevention into community-wide efforts sponsored by PMI. For example, during some growers' gatherings, we have set up external third party medical missions where we disseminate GTS information for growers and their families.
- Investigating the critical success factors where GTS awareness and precautions are high (e.g., training by external, professional bodies).

In the US, we discuss worker safety at our annual grower meeting and we provide growers with information and training materials in both English and Spanish to use as part of their own on-farm training with workers.

Since 2009, GTS information materials developed by experts at Wake Forest University, in both English and Spanish, have been distributed to growers. In 2012 and 2013, we also provided ALP program packets to growers, which contained a safety training video from the North Carolina Department of Labor (NC DOL), entitled "Making Safety a Priority". This DVD covered topics such as GTS, heat stress, forklift safety, tobacco harvester safety, and tobacco baler safety, all in both English and Spanish. Growers are encouraged to use these materials as part of their on-farm training for workers.

Based on our data, 69% of our growers reported providing training to their workers on GTS in 2012. According to Verité's preliminary findings in 2011, growers and workers were very aware of GTS and the risks associated with handling wet tobacco, even if they may not have always taken the adequate precautions.

Additionally, as part of our involvement with the Farm Labor Practices Group, we have been working on a common approach to growers' and workers' health and safety training. During this growing season the Farm Labor Practices Group, with support from the US DOL and NC DOL, will implement a pilot in 2014 to deliver enhanced safety training to workers and growers. Feedback from this pilot will then be used to refine and scale the training for broader implementation.

PMI is also partnering with North Carolina State University (NCSU) and their farm extension service (NCCE) in 2014 to pilot a program to support growers, farmworkers and their families on issues associated with health and work safety. The PMI/NCSU pilot program will focus on farmworkers and their families living in one tobacco producing county along the I-95 corridor with a high percentage of immigrant farmworkers. As part of the program, NCSU farm extension staff will provide pesticide safety training to farmworkers and their families using the *NCCE Pesticide Safety Tool Kit* for adults and the *José Aprende Acerca de los Pesticidas /José Learns about Pesticides Curriculum* for

youth NCSU will provide safety training with a curriculum that trains farmworkers to recognize the symptoms of heat stress, how to prevent it, and what to do in cases of emergency. The program will also provide training on GTS to prevent exposure and how to recognize the symptoms if affected. Another key component of this pilot will be to connect farmworkers and their families with other NCCE extension services resources such as food programs, and other community resources such as pre-Kindergarten programs.

While not a PMI-specific initiative, H-2A workers who come to the US to work for North Carolina Growers Association (NCGA) farmers will receive pesticide and safety training the moment they arrive at the NCGA headquarters for processing, and will have the opportunity to meet with and discuss worker safety with representatives from NC DOL, US DOL, the farm union (FLOC) and with representatives from the Mexican consulate.

**Question #6: What policies does Philip Morris International have in place regarding the proximity of workers on tobacco farms in its supply chain to active spraying of pesticides or other hazardous chemicals by tractor, given the risk of workers' exposure to pesticides as a result of drift when working near tractors that are spraying? How does PMI monitor implementation of these policies?**

Our ALP Code requires that only those trained and using adequate PPE are involved in CPA application, and that workers do not enter a field where CPA have been applied unless and until it is safe to do so as determined by those properly trained. We also recommend avoiding the use of CPAs wherever possible and our guidelines include a number of alternative, more sustainable strategies<sup>11</sup>. When conditions do demand that growers use a CPA to defend against crop failure, our GAP program works to balance the potential environmental effects of using a CPA with growers' economic concerns, always minimizing risk for both growers and workers present on the farm. Since its inception, PMI's GAP Program has reflected this approach and includes comprehensive training and education programs to educate growers about how to safely apply and store CPAs.

CPAs in the US are regulated, and 53% of our growers reported that they or a farm employee have a pesticide license provided by the state. To obtain a pesticide license, a grower must attend a pesticide training class (administered by a state agency or farm extension service), pass an examination, or in some cases both. Certain states also require a licensee to obtain continuing education credits to maintain their license. In

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<sup>11</sup> [http://www.pmi.com/eng/sustainability/good\\_agricultural\\_practices/pages/integrated\\_pest\\_management.aspx](http://www.pmi.com/eng/sustainability/good_agricultural_practices/pages/integrated_pest_management.aspx)

conjunction with the US DOL and state DOLs, many tobacco growers additionally receive a US Tobacco GAP Certification<sup>12</sup>, which emphasizes farm safety and CPA application.

We expect growers to comply with all applicable laws related to CPAs and with the health and safety ALP Code standards which, as noted above, is part of the ALP monitoring system.

**Question #7: What mechanisms does Philip Morris International have to ensure the ALP standard: “Farmers shall recognize and respect workers’ rights to freedom of association and to bargain collectively” is met on farms supplying tobacco to PMI and its subsidiaries and suppliers? Does PMI believe that freedom of association includes a process for employees to recognize employee associations for the purposes of collective bargaining? Has PMI established such a process on farms with which it contracts directly?**

Workers’ right to freedom of association and to collectively bargain are clearly affirmed in PMI’s ALP Code. This, together with the other ALP Code principles and standards, is reflected in the contractual arrangements that define the commercial relationship we establish with our growers. As independent entrepreneurs and when hiring labor on their farms, growers are expected to respect our principles and standards. Therefore workers must have the right to join a union (or not to join) and to bargain collectively with the union(s) representing workers. In the US, as previously mentioned, approximately half of the flue-cured growers are voluntary members of the North Carolina Growers Association (NCGA) – a group with a long-standing collective bargaining agreement with the farm union (FLOC). While it is intrinsic to the ALP monitoring system to monitor how growers are implementing our standards, we recognize that in this particular area, other mechanisms are needed to ensure visibility into an individual worker’s reality.

The same is true for other areas of the ALP Code—such as the Fair Treatment principle. This is why we have included a standard in the ALP Code stating that workers should have “access to a fair, transparent and anonymous grievance mechanism”. We consider this a key element of the ALP program. In 2013 we have started with pilot initiatives in Brazil, Mexico, Macedonia and the Philippines, involving a wide range of stakeholders – from local unions to government agencies and NGOs. Plans are underway also in other markets and during 2014 we will be sharing more information about the outcome of these initiatives. We discuss our efforts in the US further in response to Question #9.

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<sup>12</sup> More information on the US Tobacco GAP certification program can be found at <http://tobaccogrowerresearch.com/gap.html>.

**Question #8: Has Philip Morris International identified or received any reports of child labor or other labor violations or other concerns about the treatment of workers on its tobacco fields in the United States either from workers or from others in 2011, 2012, 2013? If so, what actions has Philip Morris International taken?**

In 2010, we voluntarily took part in Oxfam America's research prior to the release of its report, "State of fear: Human rights abuses in North Carolina's tobacco industry."<sup>13</sup> Of the 10 companies approached, we were one of two who participated in this research. We then followed up on report recommendations by becoming a founding member of the Farm Labor Practices Group. Further, we asked Verité to conduct two preliminary assessments in North Carolina and Kentucky, collected additional information directly from farmers, and have taken the actions already described in previous answers.

Additionally, in 2012 we were approached by CNBC regarding child labor in North Carolina. Although we asked for specific information related to the farms where children were present, the reporters declined to provide this information to us. We did, however, determine which farm was the subject of CNBC's story, and PMI personnel met with the grower to discuss conditions and corrections.

In June 2013, a North Carolina-based grassroots organization, NC Field, contacted PMI through a receiving station operator to discuss child labor and poverty concerns in central North Carolina. PMI employees met with the Executive Director on three occasions, and currently maintain a relationship with her through the receiving station operator. The Executive Director described conditions in which children worked in blueberry or tobacco fields and were in need of high quality education, vocational and training programs. When asked about specific farms where child labor was present, the Executive Director indicated that divulging this information would put income sources in jeopardy for these poor, migrant families who already live on the edge of poverty. These continued engagements with NC Field, together with Verité's assessments, have helped us shape our community program with the NCSU, already referred above under Question #5.

**Question #9: Does Philip Morris International have a mechanism whereby workers employed on farms in the United States supplying tobacco to PMI may submit complaints regarding labor practices or other concerns? If such a mechanism exists, what steps does PMI take to ensure that workers are informed of this mechanism and**

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<sup>13</sup> <http://www.oxfamamerica.org/explore/research-publications/a-state-of-fear-human-rights-abuses-in-north-carolinas-tobacco-industry/>

**the matter in which they can use it? If such a mechanism exists, how many child workers or other workers have used it in 2011, 2012, 2013? What steps does PMI take to ensure that workers who file complaints do not face retaliation?**

Workers who come in through the North Carolina Growers Association (NCGA), which represents approximately half of the flue-cured crop grown in North Carolina, have access to a grievance mechanism in conjunction with farm union (FLOC). They are informed of this mechanism through Union communications and orientation when they arrive in the country. NCGA members are the largest user of H-2A labor in the United States. For statistics and information related to this mechanism, we would recommend directly contacting NCGA and FLOC.

For remaining PMI farms, we recognize the importance of grievance mechanisms and remain committed to establishing them individually or through an industry-wide approach. As part of the Farm Labor Practices Group, we have actively pushed the Group to concur on and put into place a pilot grievance mechanism in 2014. We have consulted directly with Verité on a prospective US grievance mechanism and with a leading expert on grievance mechanism development. We believe that grievance mechanisms involving many stakeholders are likely to be the most effective way forward. Regardless of outcomes from discussions with the Farm Labor Practices Group in 2014, PMI is committed to moving forward collectively or individually with a grievance mechanism, working with Verité and other experts. We also understand that a grievance mechanism will need to be communicated to the worker community through multiple avenues, and we will need the input of both growers and workers in order to make this successful.

In addition to the FLOC/NCGA grievance mechanism, workers have access to other resources in the United States, including state and federal DOL hotlines, consulates for migrants, and other NGO resources that vary by state and community. We realize, of course, that many workers – especially undocumented farm workers – may be unaware or unwilling to use these resources for fear of deportation, and may not be aware that their rights are protected regardless of status. This is a challenge in all agriculture sectors and not unique to tobacco. Lastly, under the ALP Code's Fair Treatment principle, we expect growers to ensure the fair treatment of workers. We will not tolerate harassment, discrimination, physical or mental punishment, or any other forms of abuse.

**Question #10: We would be grateful to receive data on Philip Morris International's total tobacco purchases in the United States as well as its total tobacco purchases in each of the following states: North Carolina, Kentucky, Tennessee, and Virginia in 2011, 2012 and 2013.**

Given the commercially sensitive nature of tobacco purchase data, we do not disclose specific information related to our purchases.

**Question #11: We would be grateful for data on how these numbers compare to Philip Morris International's tobacco purchasing in other countries.**

Without providing specific data related to our tobacco purchases, tobacco leaf from the United States totals approximately 10% of PMI's worldwide leaf purchases.

**Question #12: We would be grateful for data on worker deaths and injuries, if possible disaggregated by age, gender, and ethnicity, for all countries from which Philip Morris International and its subsidiaries supply tobacco.**

As part of our ALP standards, we expect growers to provide a safe and sanitary working environment and take all reasonable measures to prevent accidents, injury and exposure to health risks. As part of ALP best practices and to demonstrate alignment with our standards, we encourage growers to maintain a record of injuries and fatalities on their farms, but we do not systematically collect this information ourselves. In the United States, federal and state authorities maintain and collect data on farm-related fatalities and injuries.

Annex II – PMI's newsletter informing US growers about the implementation of the ALP Program - Q4 2011



## The Agricultural Labor Practices Code



As an International Tobacco Procurement (ITP) tobacco grower, by now you should have heard about Philip Morris International's (PMI) Agricultural Labor Practices (ALP) Program. (The second quarter 2011 ITP Grower newsletter contained an article introducing ALP.)

The objective of the ALP Program is to progressively eliminate child labor and other labor abuses where they are found, and to achieve safe and fair working conditions on all farms from which PMI sources tobacco.

The Agricultural Labor Practices Code supports this objective by defining the labor practices, principles and standards PMI expects to be met on all tobacco farms with which PMI or PMI's suppliers have contracts to grow tobacco. This Code is based on the labor standards of the International Labor Organization (ILO) Declaration on Fundamental Principles and Rights at Work and other relevant ILO conventions.

The ALP Code includes seven principles, and measurable standards under each principle. (Please see pages 2 and 3 for ALP principles and standards.)

### Designing the ALP Program

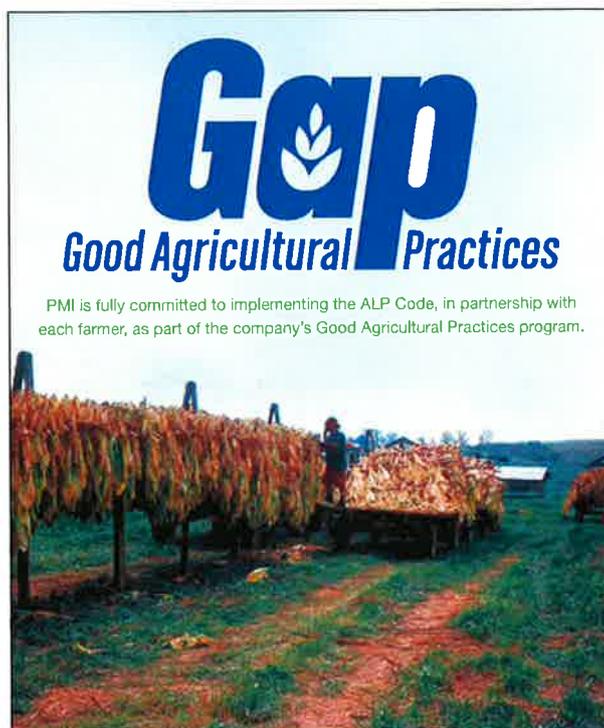
In early 2010, PMI began partnering with Verité, a non-governmental organization (NGO) specializing in labor practices, to help design and implement the ALP Program. Verité works with international businesses, governments and civil society organizations to ensure people around the world work under safe, fair and legal conditions.

Achieving PMI's objective for ALP requires the ability to deploy the Program in tobacco-growing countries around the world.

### Customizing ALP Implementation by Country

PMI sources tobacco from more than 30 countries, which involves dozens of suppliers and more than half a million tobacco farmers. Each country is unique, with different laws, cultural norms and values, educational systems, public institutions – as well as different tobacco supply chains and growing seasons.

All these factors require that ALP Code training and implementation be customized to each country. PMI is working with its suppliers to create the right conditions within each country to support ALP.



PMI is fully committed to implementing the ALP Code, in partnership with each farmer, as part of the company's Good Agricultural Practices program.

### Phased Implementation

In each country, the ALP Program is being implemented in two phases. Phase 1 entails understanding the Code, communicating it to farmers and building farm profiles. (A farm profile includes basic farm information: the size of the farm, who owns it, who lives there, who works there, and how workers are paid, dates and ALP topics discussed, and potential labor issues that require follow up.) The second phase involves monitoring, enforcement and reporting.

#### ALP Phase 1:

- Understanding the ALP Code
- Communicating to all farmers
- Building farm profiles
- Tracking progress on farms

#### ALP Phase 2:

- Gathering detailed information
- Systematically assessing farm compliance
- Creating farm improvement plans
- Systematic reporting

The goal is to reach all contracted farmers – in every country growing tobacco destined for PMI – with the first phase of ALP training by the end of 2012. During Phase 2, all farmers will be working to improve labor practices on their farms, and PMI will begin monitoring labor practices on farms, necessary through systematic gathering of information and reporting.

### Continuous Improvement is Key

PMI understands that improving labor conditions on tobacco farms throughout the world is a process. Our guiding approach with ALP is Continuous Improvement. We want to work with suppliers and farmers to achieve, over time, measurable, tangible improvements in the working conditions for farm labor.

Implementing the ALP Code is the starting point to promote good labor practices on all farms that contract with PMI. We will have reached our destination when all farmers have achieved fair and safe conditions on the farm.

### PMI implementing the Agricultural Labor Practices Code

By Louis C. Camilleri  
Chairman of the Board  
and Chief Executive Officer  
Philip Morris International

Sustainable tobacco growing is about a lot more than the quality and price of the crop. It's also about protecting the environment and ensuring labor practices that promote the safety, well-being, social and economic security of tobacco farmers and workers. Specifically with respect to labor practices, we're committed to achieving safe and fair working conditions on all farms from which we source tobacco – and to progressively eliminate child labor and other labor abuses where they are found.

With this objective in mind, we've undertaken both an internal and third-party review of our practices and policies worldwide. In doing so, we've sought the advice of local and international nonprofit organizations with expertise in the area of fair labor practices.

We're now in process of implementing a strong, comprehensive Agricultural Labor Practices (ALP) Code, which strengthens and expands our existing practices and policies. This Code and its supporting programs go well beyond child labor and worker safety – and will also vigorously address issues such as work hours, wages, migrant worker treatment and potential forced labor situations.

Among other things, this includes tailored in-depth training programs for our tobacco crop professionals and suppliers, farmers and their workers, as well as external third-party assessments to monitor the progress we are making. These assessments, as well as information about our labor practices, are available on our website.

Of course, as the International Labor Organization recognizes, eliminating child labor and other labor abuses that stem from systemic issues such as poverty and lack of education, requires a serious and lasting commitment from everyone in the supply chain, as well as governments and other stakeholders. Accordingly, we are continuing to work with a range of governmental and non-governmental organizations in our tobacco-growing markets, including our significant contributions in the field of poverty eradication and education. ●





# AGRICULTURAL LABOR PRACTICES



## CHILD LABOR

*There shall be no child labor.*

### Measurable Standards

- 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.

## FAIR TREATMENT

*Farmers shall ensure fair treatment of workers. There shall be no harassment, discrimination, physical or mental punishment, or any other forms of abuse.*

### Measurable Standards

- There is no physical abuse, threat of physical abuse, or physical contact with the intent to injure or intimidate.
- There is no sexual abuse or harassment.
- There is no verbal abuse or harassment.
- There is no discrimination on the basis of race, color, caste, gender, religion, political affiliation, union membership, status as a worker representative, ethnicity, pregnancy, social origin, disability, sexual orientation, citizenship, or nationality.
- Workers have access to a fair, transparent and anonymous grievance mechanism.

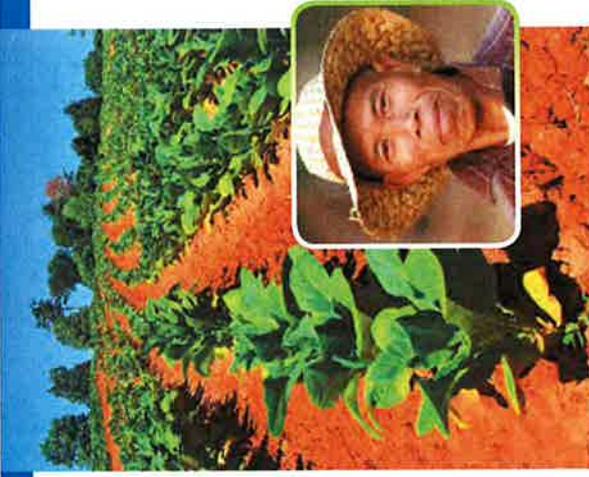


## INCOME & WORK HOURS

*Income earned during a pay period or growing season shall always be enough to meet workers' basic needs and shall be of a sufficient level to enable the generation of discretionary income. Workers shall not work excessive or illegal work hours.*

### Measurable Standards

- Wages of all workers (including for temporary, piece rate, seasonal, and migrant workers) meet, at a minimum, national legal standards or agricultural benchmark standards.
- Wages of all workers are paid regularly, at a minimum, in accordance with the country's laws.
- Work hours are in compliance with the country's laws. Excluding overtime, work hours do not exceed, on a regular basis, 48 hours per week.
- Overtime work hours are voluntary.
- Overtime wages are paid at a premium as required by the country's laws or by any applicable collective agreement.
- All workers are provided with the benefits, holidays, and leave to which they are entitled by the country's laws.



## FORCED LABOR

*All farm labor must be voluntary. There shall be no forced labor.*

### Measurable Standards

- Workers do not work under bond, debt or threat and must receive wages directly from the employer
- Workers are free to leave their employment at any time with reasonable notice.
- Workers are not required to make financial deposits with employers.
- Wages or income from crops and work done are not withheld beyond the legal and agreed payment conditions.
- Farmers do not retain the original identity documents of any worker.
- The farmer does not employ prison or compulsory labor.

## SAFE WORK ENVIRONMENT

Farmers shall provide a safe work environment to prevent accidents and injury and to minimize health risks. Accommodation, where provided, shall be clean, safe and meet the basic needs of the workers.

### Measurable Standards

- The farmer provides a safe and sanitary working environment, and takes all reasonable measures to prevent accidents, injury and exposure to health risks.
- No worker is permitted to top or harvest tobacco, or to load barns unless they have been trained on avoidance of green tobacco sickness.
- No worker is permitted to use, handle or apply crop protection agents (CPA) or other hazardous substances such as fertilizers, without having first received adequate training and without using the required personal protection equipment. Persons under the age of 18, pregnant women, and nursing mothers must not handle or apply CPA.
- Workers do not enter a field where CPA have been applied unless and until it is safe to do so.
- Workers have access to clean drinking and washing water close to where they work and live.
- Accommodation, where provided, is clean, safe, meets the basic needs of workers, and conforms to the country's laws.



## FREEDOM OF ASSOCIATION

Farmers shall recognize and respect workers' rights to freedom of association and to bargain collectively.

### Measurable Standards

- The farmer does not interfere with workers' right to freedom of association.
- Workers and farmers are free to join or form organizations and unions of their own choosing and to bargain collectively.
- Worker representatives are not discriminated against and have access to carry out their representative functions in the workplace.

## COMPLIANCE WITH THE LAW

Farmers shall comply with all laws of their country relating to employment.

### Measurable Standards

- All workers are informed of their legal rights and the conditions of their employment when they start to work.
- Farmers and workers have entered into written employment contracts when required by a country's laws and workers receive a copy of the contract.
- Terms and conditions of employment contracts do not contravene the country's laws.



Farmers and suppliers are expected to apply this Code in a **diligent and transparent** manner, and to work with PMI on **continuously improving** agricultural labor practices.

Philip Morris International, Inc. (PMI) is committed to progressively eliminate child labor and other labor abuses where they are found and to achieve safe and fair working conditions on all farms from which PMI sources tobacco.

This Agricultural Labor Practices Code supports this objective by defining the labor practices, principles and standards PMI expects to be met on all tobacco farms with which PMI or PMI's suppliers have contracts to grow tobacco for PMI. This Code is based on the labor standards of the International Labor Organization (ILO) Declaration on Fundamental Principles and Rights at Work and other relevant ILO conventions. The principles and standards of this Code must be interpreted and implemented in line with these ILO conventions.

PMI recognizes that labor abuse can often have underlying systemic causes that this Code on its own cannot address. Long term solutions to address these systemic issues will require the serious and lasting commitment from all actors in the supply chain as well as government and other stakeholders. PMI is committed to engage with all such actors.

Farmers and suppliers are expected to apply this Code in a diligent and transparent manner, and to work with PMI on continuously improving agricultural labor practices. In all actions concerning children, the best interests of the child shall be the primary consideration.

## ALP Code in the United States- Child Labor Restrictions

The Agricultural Labor Practices (ALP) Code is based on International Labor Organization (ILO) conventions. The ILO is a United Nations agency that brings together representatives of governments, employers, and workers to set global labor standards.

However, child labor is not all work done by children. Child labor is work for which the child is too young. This means work that is mentally, physically, socially, or morally dangerous and harmful to children. Further, work that interferes with a child's schooling is also considered child labor.

In the United States, in line with the ALP Code, farmers can hire children, 15 and above, to work in tobacco as long as the job is not hazardous. Children can also work on their family farm as of 13 years of age, provided they are doing light work, as long as it does not threaten their health and safety, or hinder their education.

Hazardous work is a subset of child labor and it is work which, by its nature or the circumstances in which it is carried out, is likely to harm the health, safety or morals of children. Hazardous work is considered a worst form of child labor and countries, including the United States, have committed to its elimination as a matter of priority.

Considering the tasks involved in tobacco production and the ILO guidance on this topic, the following tasks or work are deemed hazardous:

- Driving vehicles or operating machinery with moving parts
- 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 may involve exposure to Green Tobacco Sickness (GTS) and therefore can also be hazardous work

The U.S. Department of Labor is proposing new regulations that would prohibit the employment of young hired farm workers in tobacco production and curing in order to prevent occupational illness due to GTS. If these regulations are approved, the ALP Code will have to be read in line with the final wording of these regulations. For more information, visit: <http://www.dol.gov/opa/media/press/whd/WHD20111250.htm> ●

## ALP Farmer Guidance: You Need to ...

### Child Labor

- Know your country's laws on the minimum age for hiring tobacco workers.
- Know the age of all young workers you hire, and how many hours they work.
- Know what tasks can and cannot be done by minors – whether your own children, neighbors' children or hired employees.
- Know what type of work your children should not do if they help out on the farm during the holidays or after school.
- Know what tasks on your farm are hazardous.

### Income and Work Hours

- Understand your legal obligations as an employer regarding minimum wages, work hours, overtime, and benefits – and how to meet these obligations.
- Be able to prove your pay is fair and workers are not working excessive hours.
- Ensure your workers understand their rights, what they can expect for normal work hours, overtime, and when they can refuse.

### Fair Treatment

- Hire workers and set conditions based only on the job to be performed.
- Have clear and fair disciplinary procedures.
- Provide formal or informal ways for workers to express grievances.
- Act immediately to stop physical abuse or sexual harassment.

### Forced Labor

- Supervise the hiring process directly, and ensure there is a fair and effective grievance mechanism.
- Prevent brokers charging fees to the workers, and check that workers were not deceived or coerced by a labor broker.
- Refuse to accept a deposit from worker.
- Allow workers to keep their identity documents.

### Safe Work Environment

- Train workers on Crop Protection Agent (CPA) handling, Green Tobacco Sickness (GTS) prevention and when to wear Personal Protective Equipment (PPE).
- Keep records of who is a trained worker, and keep CPA locked away.
- Ask only trained workers to handle or apply CPA or other hazardous substances.
- Ensure accommodations provided to workers have clean cooking, sleeping and washing facilities, working toilets, and safe and sufficient rooms suited to the climate.
- Provide PPE free of charge.
- Ensure that soap and water are available, as well as drinking water.
- Keep dangerous tools or equipment properly stored.
- Have a first-aid kit to treat common injuries.

### Freedom of Association

- Negotiate openly with workers or their representative on all working conditions, including pay.
- Treat all workers equally, including union members.
- Hire workers regardless of their past or present union membership.
- Allow workers' representatives to play this role at the workplace without losing pay.

### Compliance with the Law

- Understand that if you hire workers, even seasonal, casual or temporary workers, you are an employee.
- Know your legal obligations as an employer.
- Ensure your workers are informed of and understand their legal rights.



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Philip Morris International c/o PMIM LLC

Maps for Philip Morris International | Management & Agricultural Tobacco Hookahment Growers

Annex III – PMI's newsletter to US growers  
focused on farm labor contractors, Q3 2013

# ITP Grower

-VOLUME FOUR | NUMBER TWO | AUGUST 2013

News for Philip Morris International Management & U.S. International Tobacco Producers / Growers



## Agricultural Labor Practices

*Focus Point: Farm Labor Crew Leaders*



The Philip Morris International (PMI) Agricultural Labor Practices (ALP) Program

was introduced to ITP growers in late 2011, and since that time has been an important focus of PMI worldwide. We take the concerns of our growers and farm worker base seriously and are committed to reducing and eliminating labor abuses where they are found.

The focus point of this communication is to inform ITP growers of their responsibilities and accountabilities under ALP when using a labor crew leader or farm labor contractor (FLC) to bring workers to farms. Even though the work is contracted out, a grower using a farm crew leader has responsibilities under the ALP Code as well as state and federal law.

*Remember: A grower is responsible for worker conditions and pay (and verification of that pay) for all workers who work on his/her farm, even when the workers are secured by a crew leader.*

The grower is responsible for being able to prove that individual workers were paid – how much and for what time period. Simply having a record of paying a crew leader is not sufficient. Records should be available showing, among other things, that individual workers by name were paid a specified amount for a specified time period doing a specified job. Please contact your local Department of Labor representative for more detailed information on payroll records and recordkeeping, and visit the following Department of Labor website: <http://www.dol.gov/compliance/guide/mspa.htm>.

### **How can the necessary worker pay information be documented?**

1. Preferably, you should arrange with the crew leader for you, the grower, to pay the individual workers directly (and still pay the crew leader his/her fees). In this case, you will keep your own records of these payments.
2. Alternatively, arrange with the crew leader to provide documentation to you, the grower (preferably weekly), of individual worker's pay as discussed above.

Regardless of your labor arrangements, as an employer, you are responsible for keeping detailed records (documentation) of workers' pay, knowing who is on your farm at all times – even if they have been brought to your farm by a crew leader – and the conditions in which they are working.

There are many laws surrounding farm labor and the use of crew leaders. For more information related to licensing requirements of farm labor contractors and other issues, contact your local Department of Labor representative.

**Agricultural Labor Practices** • Continued, page 2



PHILIP MORRIS INTERNATIONAL

**Agricultural Labor Practices** • From page 1

**Seven Agricultural Labor Principles**

While the focus of this newsletter is labor crew leader situations, the ALP Program contains seven principles, all of which are important. All seven focus on ensuring safe and fair working conditions for workers on all farms from which PMI sources tobacco. The seven ALP principles are:

- 1. Child labor:** There shall be no child labor.
- 2. Fair treatment:** Farmers shall ensure fair treatment of workers. There shall be no harassment, discrimination, physical or mental punishment, or any other forms of abuse.
- 3. Income and work hours:** Income earned during a pay period or growing season shall always be enough to meet workers' basic needs and shall be of a sufficient level to enable the generation of discretionary income. Workers shall not work excessive or illegal hours.
- 4. Forced labor:** All farm labor must be voluntary. There shall be no forced labor.
- 5. Safe work environment:** Farmers shall provide a safe work environment to prevent accidents and injury and to minimize health risks. Accommodations, where provided, shall be clean, safe and meet the basic needs of the workers.

**6. Freedom of association:** Farmers shall recognize and respect workers' rights to freedom of association and to bargain collectively.

**7. Compliance with the law:** Farmers shall comply with all laws of their country relating to employment.

The ALP Code is based on the labor standards of the International Labor Organization (ILO) Declaration on Fundamental Principles and Rights at Work and other relevant ILO conventions. The principles and standards of this ALP Code must be interpreted and implemented in line with these ILO conventions.

ITP farmers are expected to apply this Code in a diligent and transparent manner, and to work with PMI on continuously improving agricultural labor practices.

PMI recognizes that labor abuse can often have underlying systemic causes that this Code on its own cannot address. Long-term solutions to address these systemic issues will require the serious and lasting commitment from all actors in the supply chain as well as government and other stakeholders. PMI is committed to engage with all such actors.



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News for Philip Morris International Management S.A. International Tobacco Procurement Growers

