

PMI comment submitted on Tuesday, June 14<sup>th</sup> 2018 regarding child labor and other labor abuses in U.S. tobacco growing:

*“We’ve been making progress in tackling complex labor issues on farms supplying to PMI and our standards exceed U.S. law in many areas. Upon changing our leaf-buying model in the U.S., Human Rights Watch noted that this would mean higher child labor standards on thousands more U.S. farms. Challenges remain, and PMI continues to work with [Verité](#) and the Farm Labor Practices Group on systemic issues associated with child labor, grievance mechanisms to protect workers’ rights and to achieve meaningful improvements on the ground.”*

*-Miguel Coleta, Director Sustainability, Philip Morris International*

NOTE TO EDITOR:

In 2015, PMI adopted a new leaf-buying model in the United States moving from purchasing tobacco through direct contracts with U.S. growers to purchasing through two international leaf tobacco suppliers, Universal Leaf North America (ULNA) and Alliance One International, Inc. (AOI). Human Rights Watch noted that this change would require both suppliers to implement PMI’s ALP Code standards on all farms where they source tobacco, regardless of whether the farm’s crop was ultimately bound for PMI: <https://www.hrw.org/news/2014/11/05/us-tobacco-giants-move-could-reduce-child-labor>

Additional facts based on their inquiry:

- Our [Agricultural Labor Practices \(ALP\) Code](#) sets stricter standards than U.S. law, both in terms of age limits and the type of work allowed by children. Our ALP Code, which is reflected in the contracts of farmers supplying to PMI, prohibits under 18s from performing hazardous work, including the application of agrochemicals. A roll-back in U.S. legislation would not affect our standards nor our resolve to implement them.
- In the U.S., monitoring of our ALP Code standards is conducted by our suppliers through trained agronomists (field staff) who regularly visit farms (including unannounced visits) to guide their ALP efforts, monitor, assess and address any issues. Farms who employ farm labor contractors (FLCs) are subject to more frequent visits, to mitigate the risks posed by unscrupulous FLCs. Control Union, an external third-party monitoring organization, assesses progress and identifies priority areas for attention. These reports are publicly available [in full transparency](#). We also welcome continued systematic scrutiny of our efforts.
- In the U.S., PMI is focusing on three risk areas identified by suppliers’ farm monitoring and external assessment data: (i) use of farm labor contractors (crew leaders); (ii) child labor; and (iii) health and safety on farms. These are consistent concerns across U.S. agriculture.
- Where child labor or other labor abuses are identified on U.S. farms contracted by our suppliers, swift corrective actions are taken. In 2017, isolated cases of child labor were identified and corrected immediately. When a violation is identified, our suppliers work with the grower to remediate the issue. If the farmer is unwilling to implement corrective action, their contract may be terminated. In 2017, our suppliers terminated contracts with 2 farmers and in both cases, the reasons were wage-related.

- Our policy also requires, and we support, freedom of association including collective bargaining rights. We have investigated and taken action on specific allegations of violations brought to our attention by farm labor organizers.<sup>1</sup>
- Among other initiatives to mitigate child labor risks, last year PMI began a program – Project IMPACT (‘IMProving Achievement for Children in Tobacco’) that serves children and youth aged 10–17 whose families work in tobacco and other crops in Sampson County, North Carolina. The program provides educational opportunity and economic support to keep children and youth on track for successful school completion. The program supported 45 students in 2017 and this year there are plans to expand to a second county in North Carolina.
- Structural challenges remain such as legal labor shortages in U.S. agriculture and alongside PMI’s ALP implementation efforts, we continue working with the Farm Labor Practices multi-stakeholder Group (FLPG),<sup>2</sup> which PMI helped found, to improve farm labor practices. The group includes other tobacco manufacturers and suppliers, civil society, labor unions and the U.S. Department of Labor and focuses primarily on issues related to farm labor contractors, child labor and youth employment, and a grievance mechanism. This platform is used by all parties to raise concerns and work collectively to find long-term solutions. [**See Annex:** FLPG materials approved at their Spring meeting].
- H-2A workers rates are typically higher than the Federal minimum wage (7.25 USD/hour). In 2017, 48% of workers on farms contracted by our suppliers were covered under the H2-A labor wage rate, which in North Carolina was 11.27 USD/hour.
- The reliance on FLCs in U.S. agriculture is a reality in nearly all labor-intensive crops. In 2017, 8% of growers contracted by our suppliers employed farm labor contractors (FLCs) at some point during the growing season. FLCs should be certified by the U.S. Department of Labor in accordance with federal law and our [ALP Code](#) requires farmers to pay all workers directly, even if they have been recruited via an FLC.
- The scarcity of legal labor in the U.S. leaves farmers vulnerable to unscrupulous FLCs. We support enhanced monitoring, and enforcement by government so that FLCs are held accountable. We

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<sup>1</sup> [PMI Annual Shareholder Meeting 2017](#): (Slide 35: “In the United States, we have consistently invited input from, and had dialogue with, interested stakeholders to reach shared goals. This has included our efforts in the Farm Labor Practices Group (FLPG), which includes the Farm Labor Organizing Committee – present here today – whose efforts we appreciate and recognize. Last month the Group met and agreed to move ahead, including exploring a grievance mechanism with worker representation free from intimidation. We have a robust approach with our suppliers regarding the investigation of alleged violations of our policies. Moreover, we continue to invite independent assessment and make such assessments public.”

<sup>2</sup> FLPG members include: Alliance One International Inc., Altria Client Services LLC, Japan Tobacco International Leaf Services, Reynolds American Inc. Service Company, Universal Leaf Tobacco Company Inc. and Philip Morris International Global Services Inc., Farm Labor Organizing Committee, Interfaith Center on Corporate Responsibility, Tobacco Growers Association of North Carolina, U.S. Department of Labor (Wage & Hour Division) as permanent members, and the North Carolina Agribusiness Council Inc., North Carolina Department of Labor Bureau of Agricultural Safety & Health, North Carolina Farm Bureau, and Consulate General of Mexico in Raleigh as Advisory Members.

also support training and education programs so that farmers and FLCs understand their legal obligations, conducted in partnership with North Carolina State University with future cross-sector initiatives planned for 2018.

- Our suppliers also require their growers to attend annual [GAP Connections Inc. training](#) (which includes legal obligations related to FLCs). In 2017, 7,322 tobacco growers attended the annual GAP Connections training held in 10 states.

(ANNEX to Response dated June 14<sup>th</sup> 2018: Working with Farm Labor Contractors: An overview of guidance from the Farm Labor Practices Group – Spring 2018)

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