



PHILIP MORRIS
INTERNATIONAL

April 24, 2014

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

Dear Ms. Buchanan and Mr. Ganesan,

I write in response to your letter to Mr. André Calantzopoulos, CEO, Philip Morris International, Inc. (PMI), dated March 31, 2014, in which you shared recommendations to manufacturers purchasing tobacco in the United States.

Since our meeting in New York, we published our second Agricultural Labor Practices (ALP) progress report for the 2012-2013 season on our website¹. This report is not meant to be an exhaustive account of all issues and actions taken in every country, but much of the information complements our answers to your questions regarding our global program implementation.

We appreciate the county specific information provided in your letter, and we understand the sensitivities around sharing further information. However most companies buying tobacco in the United States also have contracts in the counties you listed. This renders it impossible for us to correlate the findings in your research with the occurrence and prevalence of the issues on the farms we contract.

As discussed in our February 4 letter, in the first phase of our ALP program, we commissioned Verité to conduct two preliminary assessments of labor conditions and collected basic socio-economic profiles for every contracted farm. This allowed us to identify risk areas, set priorities and, as a consequence, during last season we conducted 444 follow-up visits to at-risk farms. Most of these farms were in counties identified by HRW, which we believe also reinforces the validity of our own risk-assessment.

Nevertheless, we acknowledge the need to broaden this monitoring effort and are currently extending our internal capacity to visit all contracted farms in the US. Also prior to your research, we already commissioned a comprehensive third-party assessment of ALP implementation in the US during 2014's peak season.

¹http://www.pmi.com/eng/media_center/documents/pmi_progress_report_final_not_watermarked_low_res_0328.pdf

Philip Morris International Management S.A.

Child labor regulations in the US and PMI's policy

As you are aware, our ALP Code introduces standards that are generally stricter than US federal law and relevant state laws, both in types of activities deemed hazardous and age limits for performing such activities. Our child labor policy is reflected in our contracts and we take actions to enforce it, including not renewing contracts.

PMI's policy prohibits hazardous work for children under 18, whereas US law defines 16 as the general minimum age, including handling of pesticides. We introduce a minimum age of 15 to work, and state that children between the ages of 13 and 15 should only do light work, acceptable only in the context of the family farm.

Our policy is consistent with the International Labor Organization (ILO) conventions and was developed in consultation with experts and stakeholders. We do not believe that all activities related to tobacco growing should be deemed hazardous, and we respectfully disagree with the HRW recommended standard. The ILO provides the framework to determine what constitutes hazardous work, which we adopted in our guidance and training for growers, reflecting the specificities of tobacco growing:

- 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

These clearly include tobacco related activities during specific stages of the crop cycle for which there is a documented risk of green tobacco sickness. In our view, extending this restriction to all stages of the crop and to any situation where there might be "contact with tobacco plants of any size and dried tobacco leaves" lacks substantiation and pragmatism. However, we share a common goal and the fact is that the issues pointed out in your research would not be admissible under our standards laid above.

Child labor is a complex issue and we take very seriously our share of responsibility in addressing the problem in practice. We believe that generalizing all tobacco related work as "hazardous" is an impractical oversimplification, particularly when dealing with children working on the family farm. As you will recognize, in a smallholder farm context, children are expected to help on the family farm. As long as this work is not harmful and does not deprive children of their childhood, their education and their dignity, that is generally recognized as something positive. Thus, in order to succeed in preventing child labor in this context, we need to help growers understand what is acceptable and under which circumstances, including understanding what constitutes hazardous work and why. This requires convincing and explanation anchored on clear facts. As you know, previous efforts from the U.S. Government to strengthen the protection for children in agriculture have failed also because these crucial points were not properly taken into account.

Multilateral initiative in the United States

We thank you for sharing the results of your research and recommendations with the Farm Labor Practices Group (FLPG) in Raleigh. As we stated at the meeting, we would welcome a strengthening of the US regulatory framework to align it with ours and ILO's international standards and would support a sector wide approach to this issue. We are pleased to inform you that after your presentation, the FLPG agreed to create a dedicated working group to address child labor, explore opportunities to align companies' policies and to discuss the other recommendations from your letter of March 31st.

Other recommendations from HRW

Lastly, we are pleased that most recommendations you propose are broadly in line with our efforts under the ALP program and the recommendations of our strategic partner, Verité. In addition we would like to highlight other efforts currently under way in the US:

- We are partnering with North Carolina State University (NCSU) and their farm extension service (NCCE) to implement a program in Wayne County, North Carolina (one of the counties mentioned in your letter as an at-risk area), to support growers, farmworkers and their families on issues associated with health and work safety. A key component of this initiative is to connect farmworkers and their families with NCCE extension services resources, such as food programs, and pre-Kindergarten programs.
- Since 2004, we have provided scholarships for children of our contract growers, and in 2015 our partnership with NCSU will involve a higher education scholarship program for children of farmworkers.
- We are piloting a YMCA project in Kernersville, North Carolina, to support a summer school program for migrant farm children that will eliminate the need for migrant families to bring children to the fields and offer additional learning opportunities in the summer months.
- In 2014, we will pilot a migrant farmworker support line in Kentucky with Verité and Polaris. The Polaris Project will provide a confidential support line for approximately 2,000 agricultural workers in Kentucky who are seeking to connect to various vetted local and national resources, ranging from access to health and safety information, social services, labor rights, legal aid and migrant labor services.

We appreciate HRW's open dialogue and look forward to opportunities to continue to collaborate in the future. Many thanks.

Sincerely,



Jennifer P. Goodale
Vice President, Contributions and External Labor Policies

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