



PHILIP MORRIS INTERNATIONAL

Gap

Good Agricultural Practices



Principles and Measurable Standards

June 2018

Introduction

Philip Morris International, Inc. (PMI) is committed to the sustainable production of tobacco to enable a consistent supply of tobacco products that meet adult smokers' expectations and PMI's quality and regulatory requirements.

PMI defines sustainable tobacco production as the efficient and competitive production of quality tobacco in conditions that limit as much as possible the impact on the natural environment, and that improves the socioeconomic conditions of the people and communities involved in its production. Sustainable tobacco production is the logical outcome if farmers consistently apply PMI's Good Agricultural Practices (GAP) program.

GAP was first introduced in 2002. Since then it has been updated and improved to reflect the feedback received from farmers and suppliers, and to keep up with ever more demanding expectations and technological developments. In 2011, PMI initiated a major revision of GAP, introducing the Agricultural Labor Practices (ALP) code. This revision is now complete, introducing significant changes to the crop and environmental components and a new overall organization of GAP.

GAP defines the principles and measurable standards to be met by all those who grow and supply tobacco to PMI.

- Principles are short statements that should guide farmers and suppliers working towards sustainability of tobacco production; principles represent overall objectives that PMI expects suppliers and farmers to meet or work towards.
- Measurable standards are a set of specific standards that we will use to measure how well the practices on the farm or at the supplier are aligned with the specific principles.

These principles and standards are organized around three focus areas (pillars): Crop, Environment, and People (ALP). Governance is the foundation of these pillars and incorporates the management processes that must be put in place to successfully implement GAP.

Throughout this document, the term "supplier" always refers to the entities contracting with farmers, either directly or indirectly for the supply of tobacco. "Field technicians" are the people who assist contracted farmers in the field with technical advice and form a link between the farmer and the supplier. "Farmer" refers to the producer that grows the tobacco that the supplier purchases.

GAP is mandatory for all suppliers of tobacco to PMI, as is reflected in PMI's and its affiliates' supply contracts. PMI expects all its suppliers to make continuous improvement in the implementation of GAP principles and standards, working with the farmers from whom they purchase. If there is no clear commitment from farmers or suppliers to act on issues identified, or if there is a persistent lack of action and improvement, this can lead to contractual implications for both farmers and suppliers.

PMI also reserves the right to terminate contracts immediately in cases of severe violations impacting people, the crop, or the environment.

Suppliers are required to conduct self-assessments of their GAP implementation on a yearly basis. Suppliers are provided with a management tool with a set of criteria for which they will rate themselves. Further, the information resulting from the farm by farm monitoring of the measurable standards is consolidated into Key Performance Indicators (KPI) that will be used to assess suppliers improvement in GAP over time.

Farmers' and suppliers' progress in GAP implementation will be monitored by external third parties.

GOVERNANCE

Suppliers of tobacco to PMI shall embed in their business practices the processes necessary for the successful implementation of GAP.

Measurable Standards

1. When the tobacco growing season begins, supplier has contracts with farmers for tobacco growing that require farmers to implement GAP.
2. Supplier defines roles and responsibilities for the implementation of GAP.
3. Supplier has sufficient field technician resources to effectively implement GAP.
4. Supplier undertakes regular and systematic risk assessments of all GAP measurables.
5. Supplier communicates and trains field technicians on GAP.
6. Supplier communicates and farmers understand GAP.
7. Supplier systematically monitors and collects information on each farm's practices and conducts a yearly GAP self-assessment based on the data collected.
8. Suppliers have a process in place where farmers are subject to unannounced visits.
9. Supplier effectively addresses prompt-action issues related to GAP on farms.
10. Suppliers identify best practices through trial programs.
11. Supplier implements plans to improve agricultural practices, protect the environment and improve labor conditions.
12. Suppliers regularly engage with stakeholders.

Crop Pillar

PMI is committed to promoting good agricultural practices that support the sustainability of crops and help the communities and environment where our tobacco is grown to thrive.

1.1 VARIETY INTEGRITY

Tobacco seed variety integrity shall be preserved and improved.

Variety selection is the foundation for achieving the desired tobacco leaf quality and subjective characteristics as well as for optimizing farmer yield. To promote varietal integrity, PMI has established a Tobacco Identity Preservation Program (TSIPP) to systematically test the tobacco seed and certain green and processed leaf tobaccos to guard against the inadvertent introduction of genetically modified tobacco into its commercial tobacco products.

Measurable Standards

- 1.1.1 All seed lots are tested and certified.
- 1.1.2 All seed lots are recorded.
- 1.1.3 PMI and other purchasers of leaf must be consulted by suppliers before new tobacco seed varieties are released.

1.2 NUTRIENT MANAGEMENT

Plant Nutrient Management shall result in cost, quality, and yield optimization.

Fertilization is only one variable in tobacco nutrient management; it is an important component that has to be used in conjunction with soil, weather, and crop information. While the aspects of weather and crop are usually well known, soil and fertilizer information requires periodic analysis and review.

Measurable Standards

- 1.2.1 Soil type and nutrient content are known.
- 1.2.2 Nutrient sources and content from fertilizer are known and within limits.
- 1.2.3 Fertilization and liming are adjusted to soil fertility and nutrient requirements.

1.3 SEEDBED AND FIELD MANAGEMENT

Seedbed and field practices shall be managed to achieve high-quality transplants; optimize tobacco crop quality, cost, and yield; and promote good conditions for subsequent (rotation) crops.

It is the responsibility of the supplier to communicate to farmers the varieties of tobacco most suited for local production conditions (preferably as recommended by local institutions). Special attention should be given to the required amounts of crop protection products and fertilizers, important pests and diseases, and quality.

Field management is the implementation of the best agronomic practices in the field to achieve the required quality and style of tobacco. These practices will be continuously evaluated and adjusted to new business requirements. It is acknowledged that field management practices may vary based on the type of tobacco produced, the climatic conditions that exist within a given region, and the extent to which technology is available to the farmers. Rainfall and temperature information should be monitored to adjust field practices and better manage crop estimations.

Measurable Standards

- 1.3.1 Farmers use the best available local technologies and practices to produce uniform and healthy seedlings.
- 1.3.2 Farmers apply topping and suckering practices to obtain required styles of tobacco.
- 1.3.3 Farmers use appropriate agronomy practices to optimize quality and yield.

1.4 HARVESTING, CURING, AND MARKET PREPARATION

Curing and market preparation shall be carried out with the best available technologies and processes to achieve desired tobacco quality.

Curing is a critical procedure in the production of high-quality leaf: it requires knowledge, experience, and care. Planning of curing capacities that meet the crop grown and maintenance of the barns are preconditions for success. Market preparation should be in line with the buyer's expectations.

Measurable Standards

- 1.4.1 There is sufficient curing capacity for all tobacco grown.
- 1.4.2 Tobacco is prepared for sale on the market according to buying specifications.

1.5 BREAKING PEST AND DISEASE CYCLES

There shall be an Integrated Pest Management (IPM) program to promote best practices to control and prevent pests and diseases.

Tobacco, like any crop, may need to be protected from pests and diseases. PMI promotes a variety of techniques to prevent or suppress crop pests and disease. The program must give priority to the use of physical, mechanical, cultural, and biological control methods, and the least possible use of agrochemicals. These include use of resistant varieties, crop rotation, use of attractant or repellent plants, and destroying crop residues.

IPM emphasizes a biological approach by sequencing preventive and control measures that impose the least environmental impact. These programs are based on identifying pests and diseases and beneficial organisms (“Beneficials”) or cultural techniques in a particular location and establishing economic threshold levels to determine what treatments are necessary to reduce risk of economic damage. A strategic commitment to Integrated Pest Management must be made by the supplier, documented in writing (e.g., a company policy or statement), and implemented in practice.

As part of an IPM approach, farmers should be able to show evidence of implementing at least one activity that includes the adoption of production practices that could reduce the incidence and intensity of pest attacks, thereby reducing the need for intervention.

Crop Pesticide Applications (CPA’s) should be used only as a last resort for control of pests and disease and in accordance with the applicable CPA regulations and manufacturer’s written instructions.

IPM requires that the rationale for the use, dosage, and time of application of CPA be documented. Moreover, there should be a plan for reducing usage of CPA through the use of alternative cultural and biological solutions. Continuing education and training programs should be conducted to address compliance with evolving regulations, and only recommended CPA should be used.

Measurable Standards

- 1.5.1 Farmers are rotating crops.
- 1.5.2 Farmers destroy stalks and roots after harvest.
- 1.5.3 Economic thresholds for CPA use are established.

- 1.5.4 IPM strategy includes the use of alternative host or attractant/repellant plants to reduce pest pressure and limit the use of CPA.
- 1.5.5 Biological control methods are used to control pests.
- 1.5.6 CPA are used only when the threshold levels have been reached and are based on results of monitoring and scouting practices.
- 1.5.7 Supplier promotes use of low-toxicity and pest-targeted CPA while avoiding preventative treatments.
- 1.5.8 When CPA are applied, all laws and regulations are followed.
- 1.5.9 Effective record keeping must be undertaken at farmer level for all CPA applications in tobacco.

1.6 PRODUCT INTEGRITY

The integrity of the final product shall be preserved throughout the supply chain.

In the context of GAP, product integrity requires the proper handling, documentation, and maintenance of variety identity from the seeds to the delivery of the tobacco to the processing facility. Agricultural practices and curing procedures must be carried out to minimize tobacco-specific nitrosamine (TSNA) levels. Tobacco moisture must be maintained at such a level that no deterioration of quality or subjective characteristics occurs while minimizing TSNA levels. The supplier must implement practices to prevent non-tobacco-related materials (NTRM) from being introduced into farmers' tobacco. Any materials used on the farm that could cause an unpleasant odor (e.g., wood preservatives) in the tobacco must be stored away from all tobacco handling areas.

Measurable Standards

- 1.6.1 Packed tobacco lots are traceable to the farm level.
- 1.6.2 There is an on-farm program in place to minimize non-tobacco-related materials (NTRM).
- 1.6.3 There is a program in place to monitor and track non-tobacco-related materials (NTRM).
- 1.6.4 There is a program in place to reduce TSNA levels.

1.6.5 All tobacco lots are tested according to the Tobacco Lot Integrity (TLI) program.

1.7 FARM ECONOMICS

Tobacco farms shall be profitable and competitive.

Our business can only be sustainable if tobacco growing is commercially viable for both farmers and buyers. We therefore expect our suppliers to actively work with farmers to improve farm competitiveness and profitability.

Measurable Standards

- 1.7.1 Supplier runs an accurate and representative Cost of Production (CoP) evaluation for tobacco.
- 1.7.2 Supplier runs an accurate and representative income evaluation for alternative crops or income sources.
- 1.7.3 Tobacco farmer sale price covers the farmer costs allowing a competitive profit margin.
- 1.7.4 Productivity gains at the farm for greater efficiency.
- 1.7.5 Supplier develops and implements a plan for farmer financial literacy.



Environment Pillar

PMI's environmental sustainability guidelines encourage tobacco farmers to preserve, reuse and recycle the natural resources used in tobacco production, including wood, water and fuel. Our goal is to help farmers grow quality tobacco with minimal impact on the environment, the farm and the surrounding area.

Environmental sustainability of tobacco growing involves protecting ecosystems and biodiversity, reducing the use of natural resources, and managing potential environmental impacts. This includes developing strategies to protect soil and water, reducing energy consumption, and promoting the use of recycled and reusable materials in order to reduce waste.

2.1 FRESHWATER

Freshwater use shall be managed for sustainable water sources and prevention of water pollution.

Fresh water is essential for all forms of life and is a vital component of agricultural production. It has to be applied in the right amounts and at the right time to achieve the best crop result. While fertilizers improve crop growth, and CPA protect crops, these chemicals can enter groundwater or watercourses, impacting aquatic ecosystems. By identifying irrigation water sources and estimating water extraction and recharge rates, and by assessing how farming practices can affect freshwater, measures can be taken by farmers to manage irrigation water efficiently and reduce pollution risks.

A water management plan should be in place that takes into account the regions or growing areas that are most at risk from water scarcity, the efficiency of water use and renewability of sources; takes care that the use and management of water for tobacco production does not result in adverse impacts on other users within the catchment area, including local communities and customary water users; and aims to ensure local communities, workers, and their families have access to adequate, clean water for drinking, cooking, bathing, and cleaning purposes.

The measurable standards related to freshwater are applicable to all farms.

Measurable Standards

- 2.1.1 Supplier develops and implements a plan to reduce risks for water pollution or contamination.
- 2.1.2 Annual water extraction must not exceed long-term recharge rates or the maximum extraction rate as defined by applicable regulations, whichever is stricter.
- 2.1.3 The quality of water used in tobacco production is known to avoid crop damage, crop or soil contamination.

2.1.4 Maximizing water use efficiency.

2.1.5 Water pollution or contamination monitoring.

2.2 SOIL

No arable land is lost due to surface sealing, contamination, or mismanagement, and soil fertility is preserved or enhanced.

Healthy soil is the main asset of a farm, and the risk of soil physical and chemical degradation should be assessed and managed. Soil conservation and improvement is crucial to increase or sustain yield while optimizing crop inputs, and thus maintain farming opportunities for future generations.

Measurable Standards

2.2.1 Supplier develops and implements a plan on soil conservation.

2.2.2 Soil fertility is maintained or improved over time.

2.3 WASTE

Damage to the environment and resource scarcity resulting from material use and waste disposal shall be minimized through economical and efficient use, re-use and recycling, and safe disposal of materials.

Farm activities generate waste that must be properly managed. This means that all waste generated from any practice must be classified, minimized and properly recycled or disposed. Farmers should follow a general waste management hierarchy such as reduce, reuse, recycle, recovery, and dispose

Recycling materials into new products or a fresh supply of the same material prevents waste, reduces the consumption of fresh raw materials, and reduces energy usage, air (from incineration), and water pollution (from landfilling).

Waste must be classified by type and hazard (i.e hazardous or non-hazardous)

Examples of materials to be re-used include plastic, such as seedbed covers, seedling trays, or crop fertilizer bags, and generally excluded are CPA and other containers of hazardous material.

PMI expects the supplier to develop a plan on waste management that incorporates at least:

- Compliance with the relevant laws and regulations

- Identification of waste sources and improvement measures
- Recycling program
- Mitigation of risks identified as part of risk assessment
- Communication of information to farmers that covers waste classification, storage, recycling, and disposal

The supplier must explain these requirements in a language that the farmers understand and provide examples that apply to their daily work.

Measurable Standards

- 2.3.1** Supplier develops and implements a plan on disposal and recycling of plastics used for tobacco production.
- 2.3.2** Supplier develops and implements a plan on storage and disposal or recycling of hazardous waste generated from tobacco production.
- 2.3.3** Supplier develops and implements a plan on disposal or recycling of empty CPA containers used for tobacco production.
- 2.3.4** Supplier develops and implements a plan on appropriate disposal of crop residues.
- 2.3.5** Supplier develops and implements a plan on appropriate storage, disposal or recycling of seedling production trays.
- 2.3.6** All tray seedlings use renewable soil medium.
- 2.3.7** Supplier develops and implements a plan to minimize atmospheric pollution.

2.4 ENERGY & MATERIALS

Damage to ecosystems and resource scarcity resulting from non-renewable energy use are minimized through economical and efficient use of materials.

The agriculture sector contributes significantly to global carbon emissions through the different forms of energy used in crop production, including use of farm machinery, CPA, and fertilizers. In tobacco farming, Flue-Curing using fossil fuels or wood from unsustainable sources is also a major contributor to carbon emissions.

It is therefore crucial to optimize energy efficiency with farming equipment selected and maintained for optimum consumption of energy and used in the most efficient manner possible. The use of non-renewable energy sources must be kept to a minimum.

PMI expects the supplier to develop a plan for sustainable fuel or barn material sources and reduction in fuel use that incorporates at least:

- Compliance with the relevant laws and regulations
- Gathering of data on energy consumption and carbon footprint contribution
- Improvement measures to reduce fossil fuel consumption and to achieve targets set by PMI or the supplier, whichever is stricter
- Mitigation of risks identified as part of risk assessment
- Communication of instructions to farmers covering energy sources, energy efficient use and reduction, and energy use-related emissions

Sustainable fuel wood and barn material criteria are:

- Extraction does not exceed production in the short and long term
- Does not imply clearing of forested lands
- Is not extracted from a protected area

The supplier must explain these requirements in a language that the farmers understand and provide examples that apply to their daily work.

Measurable Standards

- 2.4.1 Supplier develops and implements a plan to reduce energy use.
- 2.4.2 Supplier develops and implements a plan where curing fuel comes from sustainable sources
- 2.4.3 Supplier develops and implements a plan where materials used for tobacco barn construction come from sustainable sources.
- 2.4.4 Supplier develops and implements a plan to reduce greenhouse gas (GHG) emissions.

2.5 BIODIVERSITY

The areas under tobacco cultivation are managed sustainably to conserve biodiversity.

Biodiversity is the diversity of natural habitats, of species in these habitats, and of the genome within these species. Its preservation is essential for humankind, not only because we utilize a great diversity of species but also because healthy habitats provide vital services like pollination, pest management, filter functions of soils, and the regulation of nutrient cycles.

Measurable Standards

- 2.5.1 Supplier develops and implements a plan on biodiversity management.

- 2.5.2 Suppliers participate in or develop their own program for re-forestation promoting native tree species for fuel wood.
- 2.5.3 Supplier participate in or develop their own program for re-forestation promoting native tree species for barn materials.
- 2.5.4 Farmers do not use primary forests for fuel.
- 2.5.5 Farmers do not use primary forests for barn materials

People Pillar

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.

The Agricultural Labor Practices (ALP) Code is an integral part of GAP and 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 stakeholders in the supply chain. PMI is committed to engage with all such stakeholders.

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.

The guidance below is intended for suppliers to better understand what is expected from farmers to strengthen workplace policies and practices in order to prevent child labor and other forms of illegal, unfair, or unsafe work. A more detailed guidance document covering all the ALP Code standards is available from PMI.

The measurable standards are applicable to all farms. However, some standards might not be relevant for the practices on that farm. For example, if throughout the whole season the farmer does not hire any workers, not even temporary workers for a limited period of time, then the standard about not hiring children below the minimum legal age and all the other standards under income and work hours, fair treatment, forced labor, freedom of association, or compliance with employment laws obviously do not apply. Similarly, if the farmer has no children, then the measurable standard about family children working on the farm does not apply.

The measurable standards dealing with safe and sanitary work environment, GTS, CPA, and availability of water are always applicable to both hired workers and family members.

It is the imperative for PMI that the stricter of this Code, local laws, or international best practice apply as governing principles under this code.

3.1 Child labor

There shall be no child labor.

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. Work that interferes with a child’s schooling is also child labor. This is the case when the work deprives children of the opportunity to attend school, makes them leave school prematurely, or requires children to try to combine school attendance and educational achievement with long hours and heavy work.

The term “child” means girls and boys less than 18 years of age. According to the International Labor Organization (ILO), not all work done by children should be seen as child labor. Children participating in light work that does not affect their health and personal development or interfere with their school attendance or their participation in training programs, including help on the family farm, is generally regarded as appropriate. It is important to take into consideration the nature of the tasks that persons under 18 are doing and under what conditions e.g. the weight of the child in relationship to how much they are lifting/carrying or the level of supervision.

Whether or not particular forms of “work” can be called “child labor” depends mostly on the child’s age, the type and hours of work performed, the conditions under which it is performed and also the country’s law. The basic framework for child labor has been defined in international conventions and can be summarized in the table below:

	The minimum age at which children can start work.	Possible exceptions for developing countries
Hazardous work Any work which is likely to jeopardize children’s physical, mental or moral health, safety or morals should not be done by anyone under the age of 18.	18	18
Basic Minimum Age The minimum age for work should not be below the age for finishing compulsory schooling, which is generally 15.	15	14
Light work Children between the ages of 13 and 15 years old may do light work, as long as it does not threaten their health and safety, or hinder their education or vocational orientation and training.	13-15	12-14

What is ultimately defined as acceptable work for children varies from country to country, tobacco type, the intensity of the work and agricultural practice as well as among sectors within countries.

Measurable Standards

- 3.1.1 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 protection¹.
- 3.1.2 No person below 18 is involved in any type of hazardous work.
- 3.1.3 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 years² or above the minimum age for light work as defined by the country's laws, whichever affords greater protection.

3.2 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 work hours.

Measurable Standards

- 3.2.1 Wages of all workers (including for temporary, piece rate, seasonal, and migrant workers) meet, at a minimum, national legal standards or agricultural benchmark standards.
- 3.2.2 Wages of all workers are paid regularly, at a minimum, in accordance with the country's laws.
- 3.2.3 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.
- 3.2.4 Overtime work hours are voluntary.
- 3.2.5 Overtime wages are paid at a premium as required by the country's laws or by any applicable collective agreement.
- 3.2.6 All workers are provided with the benefits, holidays, and leave to which they are entitled by the country's laws.

¹ As an exception, pursuant to ILO Convention 138, developing countries may under certain circumstances specify a minimum age of 14 years.

² The same ILO Convention 138 allows developing countries to substitute "between the ages of 12 and 14" in place of "between the ages of 13 and 15"."

3.3 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

- 3.3.1 There is no physical abuse, threat of physical abuse, or physical contact with the intent to injure or intimidate.
- 3.3.2 There is no sexual abuse or harassment.
- 3.3.3 There is no verbal abuse or harassment.
- 3.3.4 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.
- 3.3.5 Workers have access to a fair, transparent, and anonymous grievance mechanism.

3.4 Forced Labor and Human Trafficking

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

Measurable Standards

- 3.4.1 Workers do not work under bond, debt or threat and must receive wages directly from the employer.
- 3.4.2 Workers are free to leave their employment at any time with reasonable notice, without threat or penalty.
- 3.4.3 Workers are not required to make financial deposits with farmers, labor contractors, or any other third party, at the time of their recruitment or at any point during their employment, and shall not be charged recruitment fees or other related fees for their employment by labor contractors.
- 3.4.4 Wages or income from crops and work done are not withheld beyond the legal and agreed payment conditions.
- 3.4.5 Farmers do not retain the original identity documents of any worker. Where farmers are legally required to hold documents, they shall provide secure storage, protected from unauthorized access, and ensure workers have access to their original identity documents upon end of employment.

- 3.4.6 Where labor contractors are used, farmers verify their labor practices and ensure they're in line with the standards stated in this Code.
- 3.4.7 The farmer does not employ prison or compulsory labor.

3.5 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

- 3.5.1 The farmer provides a safe and sanitary working environment, and takes all reasonable measures to prevent accidents, injury and exposure to health risks.
- 3.5.2 No person is permitted to top or harvest tobacco, or to load barns unless they have been trained on and taken adequate protection to avoid green tobacco sickness.
- 3.5.3 No person 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.
- 3.5.4 No person enters a field where CPA have been applied unless and until it is safe to do so.
- 3.5.5 Every person has access to clean drinking and washing water close to where they work and live.
- 3.5.6 Accommodation, where provided, is clean, safe, meets the basic needs of workers, and conforms to the country's laws.

3.6 Freedom of Association

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

Freedom of association is when workers can freely come together to pursue common interests and goals at work. Freedom of association includes workers forming or joining unions or any other representative organizations of their choice, and negotiating their terms and conditions as a group; this is called collective bargaining.

These rights may also be covered under the country's laws. Freedom of association laws can be complicated and vary from place to place, but it's important that farmers know the basics so their workers' rights are respected.

Meeting the standards starts when farmers hire workers. It would be a form of discrimination and a breach of this Code to refuse to hire a worker because they are (or

have been) a union member. Waiving or limiting a worker's right to freedom of association cannot be a condition for hiring a worker.

Workers should be allowed to gather freely to talk about work and to discuss forming or joining a union or other topic. Farmers must not fire, move workers to a harsher job as punishment, or otherwise discipline workers for such activities.

Workers on the farm might want to have worker representatives. They might want to choose some of their fellow workers to talk about the terms of their employment. Farmers must accommodate workers' freedom to choose (sometimes by election) their own representatives.

If workers, a union, or worker representatives want to talk to the farmer about the terms of their jobs, farmers should discuss or negotiate in "good faith." This means workers and farmers should be honest, open-minded, and accommodating.

How can farmers show that they have taken the necessary steps to comply with the standards?

- Farmer's policies and contracts with workers don't restrict rights to freedom of association, e.g. workers can decide themselves to join unions or other organizations of their choice;
- When farmers hire workers, they don't ask them about union affiliation;
- There are active worker representatives on the farm chosen by other workers;
- Farmers negotiate terms and conditions of work with the workers' representative if there is a union or association.
- Farmer never disciplines or terminate a worker's contract for union or worker association activity. Workers are not promoted, demoted, or transferred based on such affiliations; and,
- Farmers do not pressure workers to join one organization or another.

Measurable Standards

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

3.7 Terms of Employment

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

Measurable Standards

- 3.7.1 At the time of hire, farmers have informed workers of their legal rights, the essential aspects of the work relationships and work place safety such as work to be performed, working hours, wages paid, period of hire, and all legally mandated benefits.

- 3.7.2 Terms and conditions of employment contracts do not contravene the country's laws.

3.8 Compliance & Enforcement

PMI's guiding principle is continuous improvement: to work with suppliers and farmers to achieve, over time, measurable, tangible improvements in the working conditions for farm labor. In the case of noncompliance with this ALP Code, PMI's response will be case-specific, and will depend on a variety of factors, including the nature and severity of the violation.

Our preferred approach to enforcing compliance with this Code will be to work with both farmers and suppliers to address any issues identified and to improve their practices. However, if there is no clear commitment to corrective actions, or if there is a persistent lack of action and improvement, PMI will terminate the contract.

PMI also reserves the right to terminate contracts immediately in cases of severe violations of this Code. An important component of PMI's Agricultural Labor Practices program is external third-party assessments to monitor the progress PMI, its suppliers and farmers make in improving labor conditions and compliance with this Code. We will publish reports of the third-party assessments on our internet site, www.pmi.com.



PHILIP MORRIS INTERNATIONAL