

AGRICULTURAL LABOR PRACTICES CODE

PRINCIPLES & MEASURABLE STANDARDS



Gap
Good Agricultural 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 PMI¹. 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.

¹For the purposes of this Code, "PMI" means Philip Morris International, Inc. or any of its direct or indirect subsidiaries, and "supplier" where used, means a company that has a contract with PMI to supply tobacco but is not a farmer.

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.

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.²
- 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 15³ years or above the minimum age for light work as defined by the country's laws, whichever affords greater protection.



² As an exception, pursuant to ILO Convention 138, developing countries may under certain circumstances specify a minimum age of 14 years.

³ The same ILO convention 138 allows developing countries to substitute "between the ages 12 and 14" in place of "between the ages 13 and 15".

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

- 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.

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.



FORCED LABOR & HUMAN TRAFFICKING

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, without threat or penalty.
- 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.
- 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. 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.
- Where labor contractors are used, farmers verify their labor practices and ensure they're in line with the standards stated in this Code.
- The farmer does not employ prison or compulsory labor.

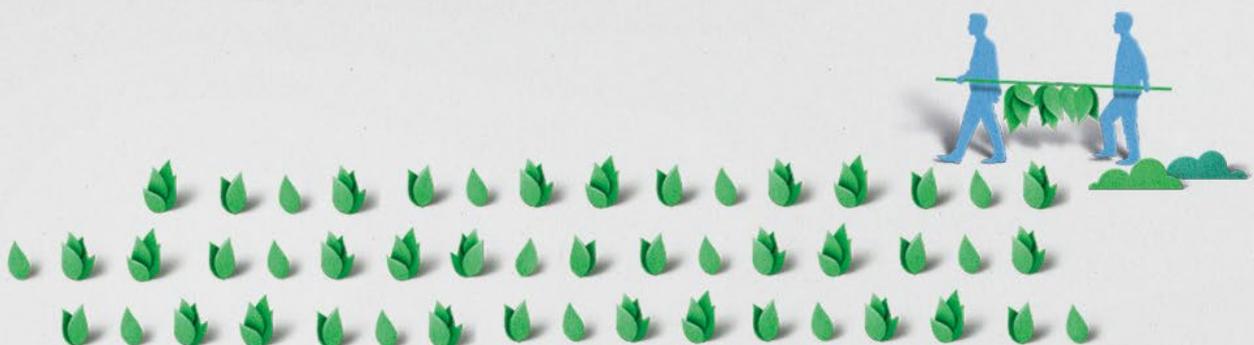
SAFE WORK ENVIRONMENT

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 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.
- 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.
- No person enters a field where CPAs have been applied unless and until it is safe to do so.
- Every person has 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 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.

TERMS OF EMPLOYMENT

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

Measurable Standards

- 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.
- 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.



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 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.



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