



Improve the quality of life of people in our supply chain

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Prevalence of child labor among contracted farms supplying tobacco to PMI

KPI description

Our objective is to reduce child labor in the tobacco supply chain by influencing the rest of the industry and our partners in tobacco-growing countries to accelerate actions addressing sustainability challenges.

The focus of this KPI is contracted farmers in the agricultural segments of our tobacco supply chain. We work with these farmers directly through our integrated affiliates, or indirectly through the actions of our suppliers.

We measure the prevalence of child labor among contracted farms supplying tobacco to PMI; the prevalence of child labor within the total farm base of contracted farmers is monitored through the Integrated Production System (IPS) due diligence framework. If incidences of child labor are identified, our suppliers are required to take immediate action.

Definitions

Child labor Defined by the International Labour Organization (ILO), child labor is work that deprives children of their childhood, their potential, and their dignity, and that is harmful to physical and mental development. Under PMI's [ALP Code](#), and in line with the ILO, the minimum age for admission to work is not less than the age at which compulsory schooling is completed and, in any case, is not less than 15 years old or the minimum age accepted by the country's laws, whichever age limit affords greater protection. No person under 18 should be involved in any type of hazardous work. In the case of family farms, a child may only help on the farm provided that the work is nonhazardous, and the child is at least 13 years old or above the minimum age for such work as defined by the country's laws, whichever affords greater protection.

Identified child labor cases Include prompt actions (observations by field technicians) and nonconformities (self-declarations) on contracted tobacco farms supplying tobacco to PMI, reported through the internal monitoring data recorded by field technicians or contracted service providers in markets from which PMI sources tobacco.

Prompt action (PA) Situation that is recorded when, during a farm visit, the field technician or contracted service provider physically observes either a Type 1 or Type 2 situation:

- **Type 1:** Situations where a person's physical or mental integrity is at risk, children, or a vulnerable group (e.g., pregnant women and/or nursing mothers), are working and in danger, or workers might not be free to leave their job on a tobacco farm.
- **Type 2:** Situations where a person's well-being is at risk and the farmer will need additional time and support to remediate the issue (e.g., lack of accommodation, nonpayment of minimum wage, or lack of written contracts).

Nonconformity (NC) Situation that is recorded when a field technician or contracted service provider does not physically observe a violation of the ALP Code, but, through engagement with the farmer, spouse, or worker (for their own children), identifies a risk that a violation is likely to occur or has occurred. There are two types of nonconformities:

- **Self-declaration:** Declaration confirming the occurrence of a situation (equivalent to a prompt action), although not witnessed by field technicians or contracted service providers (e.g., a farmer declares his 14-year-old child harvests tobacco).
- **Risk:** Observation or declaration that represents a risk which, if not addressed, could evolve into a prompt action (e.g., the farmer is not aware of the minimum working age).

Only PAs and NCs related to child labor are included in the count for this KPI.

Systematic monitoring Refers to the methodological monitoring of PMI's ALP Code implementation and related measurable standards at farm level. It is either conducted on a farm-by-farm level or through representative sampling in markets where there is an intermediary entity between PMI's suppliers and the farmers, and farm-by-farm monitoring is not feasible.

Systematically monitored farmers Include all monitored farmers. When farmers are monitored on a sample or pilot basis, only those farms within the sample or pilot are in scope.



Scope

Included Contracted farmers supplying tobacco to PMI that are systematically monitored.

Excluded Farmers (within PMI's supplier farm base and eligible farmers) who have not supplied tobacco to PMI; purchased tobacco volumes for which labor practices and adherence to our [ALP](#) have not been systematically monitored due to limited sustainability information, up to a threshold of 10%. Additionally, all other suppliers of materials and services are out of scope for the purposes of reporting the prevalence of child labor in our tobacco supply chain. "Risk" nonconformities are not included in the scope of the calculation.

Calculation methodology

Prevalence of child labor among contracted farms supplying tobacco to PMI is calculated as:

$$= \left(\frac{\text{Number of contracted farmers supplying tobacco to PMI with a PA reported} + \text{Number of contracted farmers supplying tobacco to PMI with NC self-declaration reported}}{\text{Contracted farmers supplying tobacco to PMI}} \right) \times 100\%$$

Notes on the above calculation:

- If one farmer has multiple PAs or NCs raised during the reporting period (multiple incidences of the same child, multiple children in the same instance), this is counted only once.
- When an identified child labor case is raised and resolved (field technician has verified the corrective action developed in response to the PA or NC has been properly implemented) within the reporting period, this identified case is included in the above calculation.

Estimates and assumptions PMI integrated reporting is on a calendar-year basis from January to December. Therefore, we report all PAs and NCs for the tobacco that is purchased within the calendar year. These PAs and NCs are based on monitoring data which were reported during the tobacco crop stage and may have physically occurred in the preceding year(s) (e.g., the tobacco may be purchased in year n, though due to the timing of the crop cycle or tobacco leaf inventory movements, the respective crop was actually grown and harvested in the preceding year(s) (n-1 or n-2)). All PAs and NCs, including self-declarations, occurring on contracted farms supplying to PMI tobacco purchased in that calendar year are in scope for reporting, regardless of whether the contract has been renewed for next crop season.

Data management

Data regarding PAs and NCs are recorded in the third-party leaf supplier's or PMI leaf operations monitoring systems. On a monthly basis, consolidated data for all contracted farmers supplying tobacco to PMI is provided by third-party leaf suppliers and PMI leaf operations, which is then reviewed and consolidated regionally. For suppliers or sourcing markets where disaggregated reporting is not feasible, third-party suppliers submit an annual aggregated report. On an annual basis, prior to external publication, the data are aggregated and validated centrally.

Data verification The KPI, as published in [PMI's Value Report 2025](#), has been assured by PwC (limited assurance).

[See the independent practitioner's limited assurance report](#)