



EXTERNAL ASSESSMENT

GODFREY PHILLIPS INDIA LTD.
Burley farmers in Guntur and Prakasam



Agricultural Labor Practices Program

December, 2017

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EXECUTIVE SUMMARY



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In December 2017, Philip Morris International (PMI) requested Control Union (CU) to conduct an external assessment of the Burley tobacco growing operations of its supplier Godfrey Phillips India (GPI) in the Vinukonda region of Andhra Pradesh, India. The assessment evaluated the labor practices at contracted farms, and whether these were meeting the standards of the Agricultural Labor Practices (ALP) Code.¹ CU also evaluated GPI's internal capacity to implement the ALP Program, their understanding of farm practices, and how they identified, recorded and addressed ALP-related issues.

For this assessment CU interviewed 28 employees of GPI (ten management staff and 18 field technicians) and three employees of Assist, a local NGO involved in the implementation and development of several initiatives. Over a two-week period CU visited 63 farms in the Vinukonda region², interviewing 63 farmers, 22 family members and 21 external workers. All farm visits were unannounced.

An information triangulation methodology was used to evaluate farm practices. The three sources included interviews, documentation, and observation, together with a "Five Whys Analysis" of issues found. The "Plan, Do, Check, Act" cycle was adopted for analyzing GPI's management approach.

GPI started with the ALP Program in 2012. Most of their farmers were smallholders, who grew tobacco on two hectares or less.

As a supplier to PMI, GPI had incorporated the ALP Program in its processes and procedures. CU found the majority of GPI staff to be personally committed to the program; they considered it an important step forward in improving labor conditions at the farms.

At the time of the assessment, GPI was monitoring and communicating all seven ALP Code Principles, with a focus on eliminating child labor and improving safe working conditions. Furthermore, investigating gender discrimination in pay was mentioned as a future focus area. GPI's strategy for implementing the ALP Code at the farm level focused on three aspects: (1) implementation or further development of two initiatives annually, e.g. providing protective equipment for handling hazardous substances and harvesting, or expanding the after-school activities to more villages; (2) continuous training of farmers and employees on the ALP Code; and (3) regular and systematic farm-by-farm monitoring of all principles and reminding farmers of good practices.

Roles and responsibilities were clearly defined, with ALP-related tasks included in the job descriptions of the personnel involved. Annual job reviews included measurable key performance indicators (KPI's) such as the number of farmer trainings provided, verification of data accuracy or progress in the implementation of initiatives. GPI employed 49 field technicians, resulting in a field technician-to-farmer ratio of 1 to 79 on average. This allowed the field technicians to visit their farmers on average every week, and to thoroughly monitor the practices in the field. The local field team held regular meetings, and both management and field staff received regular training. However, CU found that many of the field technicians, though able to recite most of the ALP Code by heart, lacked a practical understanding of the ALP Code.

Farmers were informed about the ALP Code during the regular visits by their field technician and during bi-weekly farmer meetings, where each meeting covered two to three Principles of the ALP Code. Furthermore, GPI had distributed a leaflet, written in the local language Telugu, describing the ALP Code and the applicable labor laws. Among the

1. The main goal of the ALP Code is to eliminate child labor and other labor abuses progressively where they are found, and to achieve safe and fair working conditions on all farms from which PMI sources tobacco. For more information on the background of the ALP Program see <https://www.pmi.com/sustainability/good-agricultural-practices/upholding-labor-rights-on-the-farms>.
2. The minimum sample size was 63 farms, which is the square root of the total number of farms within the scope (3,884 at the time of the assessment).

interviewed farmers, workers and family members, the highest levels of awareness were found with respect to the topics of child labor and safe work environment, followed by income and work hours, and, in the case of farmers, also fair treatment. Across all groups, awareness levels were low with respect to compliance with the law and freedom of association.

At the time of the assessment, GPI was collecting three types of ALP-related data from the farms: socio-economic information (Farm Profiles); situations not meeting the standard (major and minor); and Prompt Actions. Data for the Farm Profiles was collected at the time of contracting (basic data) and updated annually with specific data after transplanting. During farm visits the field technicians could access this information through a computer tablet. Of the 63 Farm Profiles checked by CU, 61 (97%) were updated for the current season. The other two Farm Profiles belonged to farmers who had not transplanted their tobacco yet. None of the Farm Profiles fully corresponded with farmer declarations on field size, but in most cases there were only slight deviations on field size, as well as number of workers.

Monitoring data and Prompt Actions were reported using paper forms, which were handed in to the office after completion. Different monitoring forms had to be filled in for transplanting, CPA application and harvesting. All forms had to be signed by all persons present in the field during monitoring. GPI differentiated between major and minor situations not meeting the standard. A total of 2,378 major issues, defined as “directly not meeting the standard”, had been reported for the previous crop season. Most of these were related to safe work environment, and some to missing training of farmers to workers in regard to child labor and forced labor. No minor issues had been reported. GPI had established a clear procedure for identification and follow-up of Prompt Actions. At the time of the assessment a total of 132 Prompt Actions had been reported by GPI for the current crop season. All of these were on the topics of child labor and safe work environment.

None of the issues observed by CU – regarding payment below the legal minimum wage, unequal payment between men and women, and lack of sanitary facilities – had been reported by the field technicians, which demonstrates a gap in GPI’s monitoring and reporting practices. In theory, all seven principles were being monitored, but in practice the focus was mainly on child labor and safe work environment.

When a Prompt Action was identified, the field technician and farmer had to agree on an improvement plan to solve the issue, to be signed by both parties. However, CU found that some of these plans merely addressed the symptoms, rather than the root causes.

Monitoring forms and Prompt Action reports had to be handed in to the office after completion, and were not available to the field technicians for the rest of the season. This information gap could pose a problem during farm monitoring, both for newly hired field technicians and for field technicians recently assigned to new farms.

Based on their risk assessment, GPI launched several initiatives to address widespread and systemic issues. To reduce the risk of child labor and the number of unattended children in the afternoons, GPI and the NGO Assist offered after-school activities at 20 elementary schools. To increase safety at the farms, GPI provided metal boxes for storing crop protection agents (CPA), personal protective equipment (PPE) for CPA application and for harvesting tobacco, and first-aid kits. The low number of incidents found in relation to safe work environment indicate that these initiatives were paying off.

A support mechanism had been implemented by GPI in three villages. It built upon the existing structure of solving issues in a community council, providing a platform for farmers and workers to address and solve issues with the help of this council. CU found that even though this support mechanism builds on existing community structures and cultural traditions cannot be considered anonymous or independent, as required by the ALP code.

The main findings from CU's farm visits were related to three ALP code Principles: income and work hours, fair treatment, and safe work environment. It was found that none of the farmers paid (at least) the legal minimum wage to all workers for all tasks; instead, locally agreed wages were paid that differed per task. Furthermore, gender discrimination in pay was found to be widespread; at the majority of farms women earned less than men for tasks in the same labor category or, in two cases, for the exact same work. Finally, none of the visited farmers provided sanitary facilities to their workers. A general lack of sanitary facilities, resulting in open defecation, is a common problem in this region. Several villages had no sanitary infrastructure and one village did not have access to clean drinking water.

Feedback received by CU from farmers, family members and workers showed that work safety and hazard awareness had improved since the start of the ALP Program, and that fewer children were involved in tobacco production. Overall feedback included that farmers were generally pleased with the support provided by GPI and preferred to stay with them, even if it meant more effort in terms of complying with the ALP rules.

The outcome of this assessment can be used as a tool to facilitate management with continuous improvement. CU acknowledges GPI's commitment to addressing the issues identified and defining areas of improvement through the implementation of an action plan (see Appendix I).

MARKET AND COMPANY BACKGROUND



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India is the second largest producer and third largest exporter of tobacco in the world. A large portion of the Indian economy depends on agriculture, and tobacco is the principal cash crop across many states. Tobacco farming offers significant employment opportunities. Nearly six million farmers and 20 million farm workers are engaged in Indian tobacco farming.³ The most popular tobacco product is the traditional cigarette, the *bidi*, followed by chewing tobacco and cigarettes.

Many different types of tobacco are grown in about 15 states of India, the main growing states being Andhra Pradesh, Karnataka, Gujarat, Uthra Pradesh, Tamil Nadu, Bihar and West Bengal. Burley, Flue-Cured Virginia (FCV), and Oriental are the main exportable tobacco crops, with Burley and FCV being the main varieties grown for cigarette manufacturing. Whereas FCV tobacco is traded through an auctioning system after harvesting, Burley farmers are contracted directly by the different companies, guaranteeing the procurement of a specified amount of tobacco and giving the

companies the possibility to exert influence on farmers' field practices.

In the assessed region of Vinukonda in the state of Andhra Pradesh, Godfrey Phillips India (GPI) is the one of two the main tobacco buying company. For the 2017/2018 growing season GPI was expecting to purchase 41% of the tobacco harvest in the state. Established in 1936 and part of Modi Enterprises since 1979, GPI is one of India's largest cigarette manufacturers, with brands including Marlboro, Four Square, and Red & White. Its Agronomy and Leaf Division has 226 employees directly or indirectly involved in supporting farmers or tobacco procurement.

For the 2017/18 crop season GPI had direct growing contracts with 3,884 Burley farmers, all of whom were smallholders growing tobacco on an average of 1 hectare. Most of them had been involved with GPI for several years already. In 2017 GPI's farmers were supported by 49 field technicians, five supervisors and four area managers.

3. Source: Central Tobacco Research Institute (CTRI)

Chapter 1

IMPLEMENTATION OF THE ALP PROGRAM



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1.1. Commitment to the ALP Program

On their website GPI committed publicly to the elimination of child labor and the improvement of working conditions in tobacco crop production. The website provided information about the company's policies and initiatives on corporate social responsibility (CSR).

GPI had several policies in place, including on sustainable tobacco production (STP), Agricultural Labor Practices (ALP), Child Labor, and Health and Safety, which were reviewed annually and signed by the Management.

CU found the majority of GPI staff to be personally committed to the company's ALP Program; the program was considered an important step forward in improving labor conditions at the farms.

1.2. Strategy and objectives

At the time of the assessment, GPI had two main focus areas for ALP implementation, as agreed with PMI Regional: eliminating child labor, and improving work safety. A formal process for setting the strategy and objectives for ALP implementation could not be identified. CU was informed that the risk assessment and "bottom-up input" from field technicians was included into the strategy setting, but this was not formally structured or recorded.

GPI's response:

"Issues related to ALP shall be discussed between FTs, Supervisors and area agronomy managers including ALP pillar coordinator to put the documented structure in place for setting strategy.

Root cause of the issue will be analyzed and accordingly action plan prepared shall be implemented to mitigate the issues which will be taken up as STP initiatives. Identified initiatives will be discussed with PMI, GPI & ASSIST (NGO) and will be finalized in consultation with the Steering Committee annually, in 3rd quarter."

A risk assessment and root cause analysis of the issues identified had been conducted by the coordinator for sustainable tobacco production (STP) and the ALP coordinator, based on monitoring data and the experience of several members of the Agronomy team. The risk assessment was used as a basis for the ALP action plan. GPI had identified one risk as "unacceptable" (i.e. high probability and high severity), pertaining to wages being too low to sustain workers' livelihoods. Seven risks were classified as "tolerable", which were mostly related to safe work environment, but also to workers' payment below the legal minimum wage and unequal payment between men and women. All other risks identified were defined as "adequate" or "acceptable". This risk analysis showed that GPI was aware of the main issues going on at the farms. However, some additional risks were identified by CU during the assessment: lack of sanitary facilities and clean drinking water, and lack of awareness on legal aspects.

GPI's strategy for implementing the ALP Code at the farm level focused on three aspects: (1) implementation or further development of two initiatives per year, e.g. providing protective equipment for handling chemicals or harvesting, or expanding the after-school activities to more villages; (2) continuous training of farmers and employees on the ALP Code; and (3) frequent and systematic farm-by-farm monitoring of all principles, and reminding farmers of good practices. The following initiatives and measurable targets had been defined for the 2017/2018 crop year:

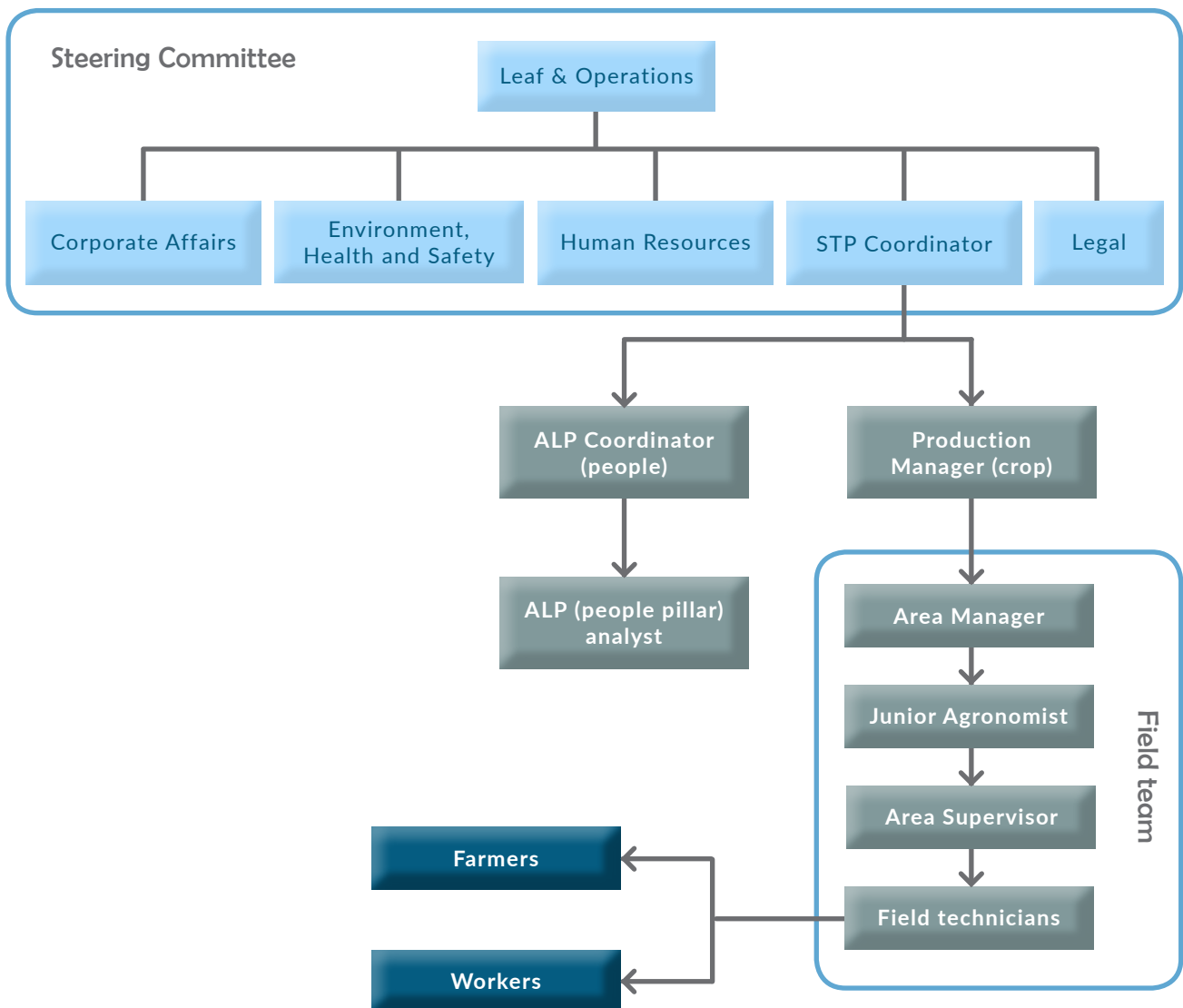
- Expansion of after-school activities for children of 33% of the farmers;
- Expansion of the availability of the support mechanism to 15% of the farmers (eight villages);
- Delivery of GTS aprons and first-aid kits to all farmers.

Internal capacity

1.2.1. Dedicated organizational structure

GPI had set up an ALP team involving all the steering committee and the local Leaf and Agronomy team (see graph below). The field technicians, who served as the link between the management and the farmers, were also part of the internal structure for implementing the ALP Program. GPI worked in close contact with PMI Regional, receiving regular guidance and financial support for the initiatives to implement the ALP Program.

Internal structure for ALP implementation



The current ALP Coordinator was appointed in 2012, when GPI started the ALP Program. He had participated in both the ALP trainings provided by PMI regional (see Chapter 1.2.3).

1.2.2. Roles and responsibilities

Roles and responsibilities were clearly defined. Job descriptions of involved personnel included ALP-related tasks. Performance was evaluated annually, using measurable key performance indicators (KPIs) such as the number of farmer trainings conducted, verification of data accuracy, and progress in the implementation of initiatives.

The steering committee, which consisted of the upper management team located in New Delhi, Guntur, and Ongole, was responsible for communicating ALP updates and projects to PMI, and approving and supporting local projects for ALP implementation.

The STP coordinator was responsible for the implementation of all three pillars of sustainable tobacco production, namely people, crop and environment. The people pillar was based on ALP, and each pillar had its own coordinator. The STP coordinator was overseeing the three pillar coordinators, and reporting to the steering committee on the progress of STP implementation, including ALP.

The ALP (people pillar) coordinator was responsible for developing executive strategies for effective ALP implementation and monitoring at the farm level, and for training of employees and farmers. His work was supported by the ALP analyst, who made sure that the collected data was accurate and entered properly, and who conducted analyses and prepared reports of the data.

The local field team consisted of several levels, each with different tasks (see graph above). Overall responsibilities included:

- Rolling out the ALP Code and collecting up-to-date farm data;
- Training farmers and workers on ALP;
- Verifying farmers' knowledge and capabilities;
- Creating and analyzing documentation for farm-by-farm monitoring, including the creation and implementation of action plans where necessary;
- Guiding and supporting lower level field team members in their work.

1.2.3. Training and knowledge of the ALP Program

Members of the local team received guidance on ALP from PMI Regional. One formal training session, organized by PMI Regional, had been provided to GPI in 2012. Furthermore, a two-day workshop on ALP implementation had been provided by PMI Regional, in collaboration with Verité, in 2015.

The local team organized monthly meetings, including ALP refresher trainings for the local managers, and bi-weekly training-meetings for field technicians. As a follow-up to the latter trainings, the pillar coordinator regularly organized online tests and interviews to check field technicians' knowledge of the different Principles and the corresponding measurable standards.

All field technicians had been trained by the pillar coordinators, and all said that they found the trainings useful and informative. All had been accompanied to the field and shadowed by their supervisor. However, interviews by CU revealed that many of the field technicians, though able to recite the ALP code by heart, were lacking a practical examples of how to apply the code in practice. It is important that GPI addresses this gap, because practical understanding is essential for monitoring risks and identifying situations not meeting the standard in the field.

CU's assessment of field technicians' knowledge the of ALP Code Principles showed the following:⁴

1. **Child labor:** All field technicians were aware of the meaning of this ALP Code Principle. One field technician (5%) stated that 15 was the legal minimum working age for tobacco without differentiating hazardous and non-hazardous tasks. All other field technicians knew the correct age limits for working. All field technicians had an overall understanding of hazardous work and could provide several examples. However, nine (50%) provided an incomplete description of hazardous work, with most of them failing to mention tobacco stitching/usage of sharp tools, or fertilizer application.

GPI's response:

"Training on light and hazardous work during Q4 every year to all field technicians and create awareness on how each hazardous activity poses risk to health and possible ways to mitigate the risk."

2. **Income and work hours:** In general, field technicians had a good understanding of this ALP Code Principle and also knew the wages being paid in their villages. Three field technicians (17%) did not mention that the legal minimum wage differed between tasks and income zones (See Chapter 2.2.1). Furthermore, one field technician (5%) incorrectly stated that the locally agreed wage was the applicable minimum wage. All were aware of the legal limit of six working hours per day in agriculture, but four (22%) did not mention the required overtime pay of 1.5 times the regular pay. When asked about legal benefits, eight field technicians (44%) correctly mentioned that workers were entitled to one paid rest day after six consecutive days of work for one farmer. The

others (56%) mentioned transportation to the field⁵ or were not aware that workers were entitled to any legal benefits.

3. **Fair treatment:** All field technicians were able to explain this ALP Code Principle; namely, that there should not be any discrimination based on caste, religion or gender, as well as no physical or verbal abuse. However, none of them mentioned "no sexual abuse or harassment" as a requirement of fair treatment, nor that farmers must make themselves available to workers who want to discuss potential grievances.
4. **Forced labor:** Field technicians had a good understanding of this Principle. However, only five (28%) mentioned direct payment to workers in the context of this topic.
5. **Safe work environment:** Knowledge on this topic was good with regard to work safety at the farms, but lower with regard to sanitary facilities. Thirteen field technicians (72%) did not mention that farmers should provide sanitary facilities, and nine (50%) did not mention that farmers should provide clean drinking water to their workers.
6. **Freedom of association:** All field technicians had an adequate understanding of this ALP Code Principle.
7. **Compliance with the law:** This principle was mostly understood as the requirement that farmers inform workers of their legal rights, which was mentioned by 13 field technicians (72%). None mentioned the requirement of written contracts as per Indian law.

Several of the field technicians interviewed had only recently started working with GPI. CU observed that technicians who had been with the company for a longer period of time generally had better knowledge of the ALP Code.

4. For this assessment 18 field technicians were interviewed.

5. This is not a benefit that workers were entitled to legally.

GPI's response:

"Practical approach shall be designed in training FTs [=field technicians] which would include group discussion and role plays as part of the training. This will facilitate the understanding of FTs on ALP principles & measurables and equip them to implement in the field."

"GPI will further strengthen its communication and training to hone skills of Field technicians on all ALP measurable standards."

1.2.4. Internal communication

GPI's local managers held bi-weekly meetings with the field technicians, in which ALP-related topics were discussed and documented. Informal communication among colleagues took place on a frequent basis. The ALP coordinator produced weekly reports on training, implementation and progress.

The Steering Committee and PMI Regional held quarterly meetings. The ALP coordinator produced quarterly reports of these meetings, including an analysis of the progress on ALP implementation, which were sent to PMI Regional after approval by the management.

1.3. Communication of the ALP Code requirements to farmers

1.3.1. Communication strategy and tactics

GPI started to communicate the ALP Code to farmers in 2012. Initially, communication efforts were focused mainly on child labor and safe work environment, as these were considered the two most important and applicable topics to start with. At the time of CU's assessment all ALP Principles were communicated to the farmers. Farmer group meetings, organized by GPI's area managers or agronomists, were on average held every two

weeks in the evenings. In order not to overload the farmers with too much information at once, each meeting was limited to discussing two or three ALP Code Principles. GPI data showed that all farmers had attended meetings about each of the seven Principles at least once, and all farmers confirmed to regularly attend the meetings.

Field technicians visited the farmers regularly, on average every week. During these visits they also talked about ALP and made sure the Principles were being followed. At the time of CU's assessment, the average field technician to farmer ratio was 1 to 79. Most field technicians had farmers in one or two villages only, which allowed for regular visits of all farms in their area.

In terms of written communication material, GPI had distributed a leaflet in the local language Telugu, about the ALP Code and applicable labor laws. This leaflet mentioned that casual (temporary) labor, hired for a short duration does not require a written contract. As a general requirement Indian law provides for a written agreement. However, according to the local legal opinion a written agreement is not needed when the work is for not more than one or two days.⁶

Furthermore it remained unclear if GPI communicated the correct minimum wage for harvesting as the Andhra Pradesh law on minimum wage was complex⁷: The only two tasks or activities specific to tobacco that are called out under the local minimum wage law are "tobacco plucking" and "tobacco curing." The definition of tobacco curing is not an issue as this assessment covered only burley tobacco which does not involve curing. However, the definition of "plucking" remains undefined in the Andhra Pradesh law on minimum wage, and the particular activity this may be referencing is unclear from a legal perspective.

This law also set a minimum wage for a variety of agricultural tasks including "harvesting" and "other

6. See Appendix III

7. Please see Chapter 2.2.1 or Appendix III for information on the applicable minimum wage table.

unskilled manual labor.” The minimum wage for these tasks is considerably lower than for tobacco plucking.

GPI was unable to provide a documented definition for plucking. Therefore CU concluded that this higher wage paid for plucking should be applicable to the removal of individual leaves from the mature plant. This is a skilled activity that is potentially hazardous (exposure to GTS), and cannot be considered “unskilled manual labor,” especially when compared to other tasks workers perform.

Further, while “harvesting” is set under the law, “tobacco plucking” is called out in particular as its own activity. GPI posited during the closing meeting that plucking refers to the final removal of the tobacco plant step after all leaves have been harvested. However, as mentioned above GPI has not yet provided either a documented source or stated this interpretation of the law to CU in writing. Given the lack of clarity in the local law, and the reasoning noted above for the skill required and possible hazard associated with tobacco leaf harvesting, the minimum wage for “plucking” should applied to this particular tobacco harvesting activity.

GPI’s response:

“The knowledge of all stakeholders will be updated to ensure that harvesting of leaf and plucking are different. Tobacco harvesting should be considered as plucking and the wages of plucking should be given by the farmer to worker irrespective of the gender.”

As an additional form of communication, GPI used wall paintings in the villages to communicate which farmers in the neighbourhood received a first-aid kit, and how to contact the support mechanism.

The following table shows the level of awareness among the interviewed farmers, family members and external workers with regard to the ALP Code Principles. In general, awareness levels were much higher among farmers than among the other two groups. Within each group, the highest levels of awareness were found for the topics of child labor and safe work environment, followed by income and work hours. Although more than half of the farmers were aware of fair treatment, family members and external workers had low awareness of this ALP Principle. Topics that farmers did not directly associate with the ALP Code were freedom of association, compliance with the law, and forced labor.

Level of awareness of ALP Code Principles*

| | Farmers (N=63) | Family members (N=22) | External workers (N=21) |
|--------------------------------|----------------|-----------------------|-------------------------|
| Child labor | 60 (95%) | 14 (64%) | 12 (57%) |
| Income and work hours | 42 (67%) | 5 (23%) | 6 (29%) |
| Fair treatment | 38 (60%) | 3 (14%) | 3 (14%) |
| Forced labor | 29 (46%) | 1 (5%) | 2 (10%) |
| Safe work environment | 58 (92%) | 13 (59%) | 13 (62%) |
| Freedom of association | 23 (37%) | 1 (5%) | 1 (5%) |
| Compliance with the law | 25 (40%) | 0 | 0 |

* Note that these data only show whether the interviewees remembered the principles, and not whether they fully understood their meaning.

Interviewees who were aware of (at least some aspects of) the ALP code were also asked how they had learned about it. As the table below shows, verbal communication efforts were generally more effective than written materials.

| Means of communication through which the ALP Code was received | | |
|--|----------------|-----------------------------------|
| | Farmers (N=63) | Family members and workers (N=43) |
| Group meetings/trainings | 61 (97%) | 2 (5%) |
| During regular visits by field technician | 61 (97%) | 24 (56%) |
| Flyer/Poster | 52 (83%) | 8 (19%) |
| Verbally from the farmer | n.a. | 22 (51%) |

1.3.2. Farmers' responsibilities

At the beginning of each crop season, farmers signed a growing contract with GPI which included all seven ALP Code Principles, and additionally contained specific clauses on child labor and safety aspects on the farm. Field technicians read the contracts to illiterate farmers and explained the content if needed. Two Prompt Actions in the same issue would lead to a termination of the growing contract for the next season. Although this had not yet happened for ALP-related Prompt Actions, this had been the case for crop-related Prompt Actions.

1.4. Internal monitoring: data collection, accuracy, and addressing issues

At the time of the assessment, GPI was collecting three types of ALP-related data from the farms: socio-economic information (Farm Profiles); situations not meeting the standard (major and minor); and Prompt Actions. Farm Profile data was collected using a computer tablet, and this data was digitally available to the field technicians during their visits. Monitoring data and Prompt Actions were collected and reported on paper and handed in to the office after completion (see Chapters 1.4.2 and 1.4.3).

1.4.1. Socio-economic data: Farm Profiles

The socio-economic information for Farm Profiles was collected at the time of contracting (basic data) and updated annually with specific data after transplanting. Field technicians collected the data through own observation and by interviewing farmers. To assess field size and location, GPS data was collected using the computer tablet. Of the 63 Farm Profiles checked by CU, 61 (97%) were updated for the current season. The remaining two Farm Profiles had not been updated because the farmers in question had not yet transplanted their tobacco. However, for one of these two farmers no Farm Profile was available for the previous crop season either, even though he had a contract at that time. None of the Farm Profiles verified by CU fully corresponded with farmer declarations on field size, but in most cases these were only slight deviations. The number of workers recorded was also not always accurate, but these deviations were due to the labor dynamics in this region (daily fluctuations in labor needs). The Farm Profiles included a classification of farmers based on their ability to understand and communicate the ALP Code, as judged by the field technicians. Although this classification did not always match with CU's observations of farmers' ALP knowledge, it was found to be a useful tool for GPI to identify farmers who needed more attention from field technicians in this area.

1.4.2. Systematic monitoring: situations not meeting the ALP Code standards

Field technicians visited the farmers at least every 15 days, usually more often (every week). GPI had paper-based monitoring sheets, which had to be filled in during three crop stages:

- During transplanting – 37 questions
- During application of crop protection agents (CPA) – 8 questions
- During harvesting – 41 questions

Each monitoring sheet had three different types of questions: “O” for own observation, “F” for asking the farmer and “W” for asking the worker, which CU identified to be a useful starting point for gaining insight into the farm situation. Furthermore, the sheet had to be signed by all persons present, i.e. farmer and workers, to ensure they all agreed with what was written on the monitoring form, and to prevent the field technicians from filling in a form without actually having visited the farm or talked to the persons involved. The questions on the monitoring sheet were “yes or no” questions, without asking for an explanation. Only if a situation not meeting the standard was identified, this had to be explained in a comment box on the back of the page.

GPI differentiated between major and minor situations not meeting the standard. Major situations were defined as “directly not meeting the ALP Code”, e.g. indirect payment through crew leaders, or farmers not training their workers on safety. Minor situations were defined as “indirectly not meeting the ALP Code”, e.g. workers wearing gloves the wrong way round. A total of 2378 major issues had been reported for the previous crop season, most of them related to safe work environment, and some to forced labor or child labor, e.g. the farmer failing to train workers on light and hazardous tasks. No minor issues had been reported.

Monitoring data was available for all the farms visited by CU. However, it was found that monitoring

was not accurate for all Principles, since none of the cases observed by CU regarding payment below minimum wage, unequal payment between men and women, and lack of sanitary facilities had been reported.

GPI’s response:

“Equal focus will be given to all measurables and the importance will be reinforced to Field technicians during training that all measurables should be monitored with equal priority.”

“From Q4 2018 FTs will be instructed to report the payment made below minimum wages and the same will be captured in farm by farm monitoring sheet which it would give an idea about as to for which activity workers are being paid minimum wages and for which other activities not being paid.”

GPI has already started communicating to farmers activity-wise, zone-wise minimum wages to be paid and advising them the need to do so. A feasibility study is also undertaken by Agriculture University and GPI will implement the recommendations after internal review.”

“Data collection will be done to report the sanitary conditions on the farms. Based on the report analysis, decision will be taken at Steering committee to assess the feasibility of providing portable sanitary facility at farm level. A suitable question related to sanitary conditions on the farms will be included in farm by farm monitoring sheet by people pillar coordinator to know the sanitary facilities available on the farm. Based on the report, the Steering Committee will take decision whether or not to engage a NGO third party to take up the feasibility study on providing portable sanitary facility at farm level.”

Furthermore, technicians had no access to monitoring data collected previously during the current season, as all (paper) monitoring forms had to be handed in at the office after completion, and were not made available in the digital system.

GPI's response:

"Farm by farm monitoring data will be made available to FTs. Collated data of farmers coming under the FTs will be made available in the excel sheet through FT tool kit. Once the collation is done the data will be available with the FT all the year round. Now since data is collected manually, the data monitoring sheet will be made available to all FTs throughout the cropping season."

1.4.3. Prompt Actions

GPI had established a clear procedure for identification and follow-up of Prompt Actions. If a Prompt Action was identified it had to be stopped immediately, and field technicians were required to conduct a root cause analysis and agree with the farmer on an action plan. If they could not agree on a plan this would be passed on to the next higher level within GPI, e.g. the Junior Agronomist or the Area Production Manager. Depending on the nature of the issue, the field technician had to verify within 30 days whether the improvement plan had been implemented and whether the situation was not occurring again. In case the Prompt Action was related to a task that was not being performed within these 30 days, the Prompt Action could only be monitored and closed on the first occasion this task was performed again. For example, in the case of a Prompt Action related to CPA application, the field technician would ask the farmer to inform him when he was going to apply CPA again, so the field technician could come by to monitor the farm practices.

For each Prompt Action, field technicians had to file a paper-based report (questionnaire), describing the incident itself, the root cause, the improvement plan, the follow-up visit and the farmer's commitment. This report had to be signed by both the field technician and farmer. Among the reports checked, CU found various examples where the root cause analysis and corresponding improvement plan did not solve or address the underlying causes but only treated the symptoms. However,

it was also observed that the field technicians put considerable effort in the follow-up, e.g. by making sure they were present when a farmer disposed his empty CPA containers to verify this was being done correctly. After closure of a Prompt Action, field technicians had to hand in their reports to the office, and these reports were not available to them for the rest of the season (similar to the monitoring forms, see Chapter 1.4.2). The Farm Profile information in the tablet system only listed the Prompt Actions raised during the previous season.

All field technicians interviewed were aware of the Prompt Action follow-up procedure. Eight field technicians (44%) inadequately defined Prompt Actions as a general violation of the ALP code, whereas ten (56%) correctly defined them as a violation of the code that required immediate action. None of the interviewees mentioned the three vulnerable groups (children, pregnant women, elderly) included in the Prompt Actions definition.

GPI's response:

"GPI has decided to reinforce training on prompt actions to all the stake holders by including role play and group discussion to ensure that FTs understand the difference between prompt action issues and other non-conformance of ALP that do not necessarily require prompt action."

At the time of the assessment, 132 Prompt Actions had been reported for the current crop season. All of these were on the topics of safe work environment and child labor. During the assessment CU visited seven farms with reported Prompt Actions. On one of these farms the reported Prompt Action was happening again during CU's visit; here, an empty CPA container that had not been punctured was lying around inside the farmers house, presenting a risk of it being reused as a container for food or drinking water. The farmer in question was not aware of any raised Prompt Action at his farm. In all other cases the farmers were aware of the Prompt Actions raised for their farms, and the situations in question were solved at the time of CU's visit.

1.4.4. Data management and analysis

Monitoring data was recorded on paper forms and verified by the ALP analyst in random samples. All paper forms (farm monitoring and Prompt Actions) had to be handed in at the office after completion. This information was not available to the field technicians for the rest of the crop season. Whereas Prompt Actions of previous seasons could be found in the digital system, current Prompt Actions were not visible for the field technicians. This gap in information supply could pose a problem during farm monitoring, both for newly hired field technicians and for field technicians recently assigned to new farms.

GPI's response:

"Current year Prompt action data after closure of PA will be made available to FTs by updating the data in the hand held device."

1.4.5. Improvement plans for individual farms

Improvement plans for individual farms were included in the Prompt Action reports. Field technicians conducted a root cause analysis, agreed with the farmer on how to solve the identified issue, and verified afterwards if the Prompt Action was solved. All field technicians were aware that this follow-up had to take place within 30 days. As mentioned previously (Chapter 1.4.3), CU identified some cases in which the improvement plan addressed symptoms rather than root causes. For example, for a farmer spraying CPA without a PPE set who claimed he just forgot that day, the action plan was to go get the set of PPE and put it on immediately. This temporarily solved the issue, but not necessarily the root cause if the farmer did not understand the underlying reason for wearing PPE.

GPI's response:

"5 why" method of Training will be imparted to FTs to investigate root cause and the root cause analysis training through Fish-Bone by a Six-sigma certified expert, will be organized during Q4 2018 cropping season. [...] Written test will be conducted to evaluate effectiveness of training and prompt actions submitted will be verified for clear root cause analysis to ensure whether FTs have fully understood the root cause analysis or not and take corrective steps to bridge the gap if still exists."

1.5. Address systemic and/or widespread issues

Based on the risks and issues identified (see Chapter 1.2), PMI's leaf tobacco suppliers are expected to address systemic and/or widespread issues through operational initiatives, community programs (which may be supported by a financial contribution from PMI), and engagement with key stakeholders.

At the time of the assessment GPI had implemented the following operational initiatives:

- **After-School Activities (ASA):** Together with the non-governmental organization (NGO) Assist, in 2015 GPI and PMI had launched an after-school program, reaching 33% of the farmerbase in 2017.⁸ This program offered elementary school children the option to stay 90 minutes longer after school, doing yoga and meditation and playing sports together, with food provided. Of the farmers visited by CU, twelve (19%) had children who were attending a school offering the ASA. All reported to be happy with the activities. Records provided by Assist showed that school attendance had increased from 85% to 94% during the ASA program in the previous crop season.

8. The after-school activities had not yet started for the current crop season and could therefore only be evaluated for the last season.

- Provision of metal CPA storage boxes:** As their first initiative in 2012, GPI had provided all farmers with a lockable, metal CPA storage box, with the instruction to mount the box on a wall at a height of six feet (183 cm) or, if the walls were lower, as high as possible. CU found these boxes to be installed at all farms visited. In several cases, especially when the CPA box was mounted higher than instructed, the height of the box was identified as a safety risk by CU. Farmers had to climb on a chair or something else to reach inside the box and even then would be handling the hazardous substances over their head without being able to look inside the box. Several farmers did not know if they were allowed to store non-tobacco-CPA inside this box.⁹ All farmers were happy that they had been provided with the box, as it increased the safety at their farms; however, some complained about the small size of the box, which did not allow to store bigger containers.
- Provision of PPE for CPA:** As from 2013 GPI provided all farmers with one set of PPE for handling and spraying CPA at the beginning of each crop season. This set consisted of a pair of gumboots, an apron, plastic gloves and a dust mask.¹⁰ All farmers had received the kit and claimed to have used it for spraying, although in some cases CU found it looked unused. CU also found that the dust masks were not appropriate for spraying, as they did not sufficiently protect from health hazards. These masks potentially increase the health risk, as farmers may be less careful with CPA when wearing the mask, assuming they are adequately protected. All farmers liked the PPE initiative and said that, before the training from GPI, they had not been aware of the safety hazards involved in spraying.

GPI's response:

"GPI will find out the root cause for not using PPE and Create awareness on ill effects of non-usage of PPE while applying CPAs among farming

community. [...] FTs will train the farmers cross-checked by Supervisors and and there will be random checking by Area agronomy managers to ensure trainings are conducted as scheduled. Usage of PPE kits by farmers will be monitored by FTs [...]"

"EHS [environment, health and safety] person will look into the standard of nose mask in Q3 2018 based on the MSDS. All masks will be replaced before start of next season with nose masks of standard meeting MSDS requirements. EHS will conduct annual audit to verify the standard of the nose mask."

- Provision of PPE for green tobacco:** Starting in 2014 GPI provided all farmers with gloves for handling green tobacco, at the beginning of each crop season. In 2017 this initiative was extended to the provision of plastic aprons. Each farmer was given eight pairs of cotton gloves and eight aprons. One farmer declared he had received only four sets. Awareness about GTS among farmers was high and complete sets of PPE were worn by all workers at 95% of the farms visited by CU. Farmers were happy that GPI had provided the sets and mentioned that, before the training from GPI, they had not been aware of the hazards of GTS.

GPI's response:

"GPI will take care to ensure that, all farmers are provided with 8 pairs of GTS gloves during Q4 every year."

- Provision of first-aid kits:** In 2017 GPI had started to distribute first-aid kits, one for every ten farmers per village. In each village the name and phone number of the farmer keeping a kit was painted on the walls. Of the farmers interviewed, 61 (97%) were aware who kept a kit, the other two were not aware. In one village

9. See Chapter 2.5.2 for more information on the CPA boxes.

10. Please see Annex VII for pictures of the materials provided by GPI

the CU auditor did not see an informational wall painting. Only one farmer found the first-aid kit not useful, stating that he would go to a medical facility if anything happened. Other farmers reported that the kit was very helpful for minor injuries in the field.

GPI's response:

"GPI will ensure that all farmers are made aware about the location and responsible person having first aid kit."

Furthermore GPI implemented several CSR initiatives that aimed at improving the general infrastructure in the region, which were not directly part of this assessment and therefore not evaluated. These inter alia included the provision of Reverse Osmosis (RO) plants, de-siltation of village ponds, setting up of health camps, increasing awareness on sanitation and hygiene, and installation of household toilets.

Chapter 2

FARM-LEVEL ASSESSMENT OF WORKING CONDITIONS REGARDING THE ALP CODE STANDARDS



EXTERNAL ASSESSMENT
Burley farmers in Guntur and Prakasam

This chapter describes CU's assessment of the working conditions on farms with regard to the ALP Code Principles and Measurable Standards. ALP Code Principles are short statements designed to guide farmers on specific practices, resulting in safe and fair working conditions. A Measurable Standard defines a good practice and over time can be objectively monitored to determine whether, and to what extent, the labor conditions and practices on a tobacco farm are in line with each ALP Code Principle.¹¹

2.1. ALP Code Principle 1: Child labor

There shall be no child labor.

Main findings and challenges

2.1.1. Children working and activities performed

No evidence was found of children below 18 years of age being employed at the farms or helping with tobacco at their family farm.¹² Farmers had an adequate awareness of the minimum age for working in tobacco, but they did not always have a full understanding of hazardous tasks. Many farmers considered stitching¹³ a light (i.e. non-hazardous) task.

GPI's response:

"[GPI will] create awareness about light and hazardous work amongst farmers and workers during Q4 every year and clearly explain the people working in the farm about GTS and its symptoms and avoidance through training, pamphlet and posters."

Analysis and priorities

Elimination of child labor was one of the main focus areas of GPI, and their ASA initiative specifically

addressed this issue (see Chapter 1.5). Child labor was also one of the two most important ALP topics in GPI's communication efforts, as well as in farm monitoring and reporting by field technicians. CU did not find any cases where children were helping with tobacco-related farm work. Throughout 2017 GPI field technicians had identified and reported fourteen cases of minors being involved in tobacco, showing that child labor was still an ongoing issue. CU found that farmers and workers wanted their children to be educated and go to school, in order for them to have a better life than their parents. Furthermore, field technicians were very active in their communication to farmers about children not being allowed in the fields, and the possible consequences of involving children in tobacco-related farm work (i.e. that their contract would be terminated).

GPI's response:

"Based on the prompt actions raised GPI still considers the risk of children being engaged during tobacco production, [and will] therefore further strengthen the system to ensure that child labor is not engaged in tobacco production. A more systematic risk assessment will be carried out to identify and estimate the risks involved and draw suitable action plans to mitigate the risk of child labor engagement in production chain.

[GPI will] continue to create awareness among farming community about the importance of non- engagement of child labor during tobacco production. Raising prompt actions and Farm by farm monitoring will continue to ensure non engagement of children in tobacco production [...]

After school activities is one more action plan to bring down the incidence of child labor. STP coordinator in consultation with Corporate Affairs would make necessary budget provision to run the program. Children will be engaged in school for 90 minutes after the school so by the time they reach

11. The scope and methodology of the assessment are described in Appendix II.

12. The ALP Code minimum age for employment in tobacco is 15 (See Appendix III for more detailed legal information).

13. The sticking of the green tobacco leaves on a thin rope, using a sharp pin.

home all farm activities will be complete thus bring down the incidences of child labor. People pillar coordinator in consultation with ASSIST (NGO) will finalize the schools [...] This program will be run for 60 days during January to March every year.”

2.2. ALP Code Principle 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.

Main findings and challenges

2.2.1. Payment of workers

The law on minimum wage in the state of Andhra Pradesh is complex. As shown in the table below, Indian law stipulates different minimum daily wages for different agricultural tasks, with rates additionally varying between income zones.¹⁴

None of the farmers (0%) paid the legal minimum wage correctly, with cases largely falling into one or more of the following scenarios on a given farm:

- Workers were paid below the minimum wage for all tasks.
- Workers were paid at or above the minimum wage for some tasks, and below for others.
- Among a group of workers performing tasks within the same category as defined by minimum wage law, some were paid at or above the minimum wage for tasks in that category, while others were paid below.

All farmers paid their workers rates agreed at the village level, which did not meet the legal standards for all tasks. These local village wage agreements were made at the beginning of each crop season by a meeting of farmers and workers together. The legal minimum wage for this sector in India is set by state, and within each state, zones. While separate village level agreements on wage payments do exist, the law precludes these agreements from taking precedent over the minimum rates set by the state. Village agreements may provide for wages higher than the legal minimum, but may not set lower ones.

Below table shows the daily wages being paid to the workers on different farms. Unequal pay between men and women was a common practice and had its roots in the Indian cultural system. On 35 farms

| No. | Name of the category | Total daily wage (INR)* | | |
|-----|--|-------------------------|---------|----------|
| | | Zone I | Zone II | Zone III |
| 3 | Sowing/ Transplanting/ Harvesting/ Weeding/ Grass cutting/ Any other unskilled manual labor | 293.30 | 288.30 | 244.25 |
| 8 | Sprayer of Pesticides/ Tobacco Curing operation | 402.40 | 353.35 | 315.30 |
| 9 | Tobacco plucking¹⁵ | 402.40 | 353.35 | 315.30 |
| 10 | Loading and unloading operations | 304.30 | 260.25 | 244.25 |

* INR = Indian rupee

14. These payments shall be made for six hours of work. See Appendix III for further information.

15. As discussed in Chapter 1.3.1 “tobacco plucking” refers to harvesting and this should be the applicable minimum wage.

(58%) wages for men and women differed significantly for tasks within the same labor category (e.g. No. 3, transplanting, weeding, harvesting). The table below shows the actual wages paid at the farms visited by CU, divided by task, gender and village income zone. The marked fields show at how many farms the legal minimum wage has been paid. Applying the rate of legal minimum wage for plucking, as identified by CU, only the workers working at a piece rate payment received the correct wage.

| | | Breakdown of calculated salaries* | | | Salary range | |
|-----------------------------|--------|-----------------------------------|----------------------|-------------------|----------------------|----------------------|
| | | 0-293 (INR/day) | 293-402 (INR/day) | >402 (INR/day) | ** | Maximum (INR/day) |
| Zone 1 | | | | | | |
| Transplanting ¹⁶ | Male | 0 | 1 (100%) | 0 | | 300 |
| | Female | 7 (100%) | 0 | 0 | | 200 |
| Harvesting ¹⁷ | Male | 0 | 5 (100%) | 0 | | 300 |
| | Female | 4 (100%) | 0 | 0 | | 200 |
| Zone 2 | | 0-288 (INR/day) | 288-353 (INR/day) | >353 (INR/day) | Minimum (INR/day) | Maximum (INR/day) |
| Transplanting | Male | 16 (76%) | 5 (24%) | 0 | 150 | 300 |
| | Female | 14 (92%) | 2 (8%) | 0 | 120 | 290 |
| Harvesting | Male | 18 (78%) | 5 (22%) | 0 | 150 | 350 |
| | Female | 27 (93%) | 2 (7%) | 0 | 150 | 300 |
| Piece rate ¹⁸ | - | 4 (27%) | 4 (27%) | 7 (46%) | 266 | 462 |
| Zone 3 | | 0-244 (INR/day) | 244-315 (INR/day) | >315 (INR/day) | Minimum (INR/day) | Maximum (INR/day) |
| Transplanting | Male | 7 (78%) | 2 (22%) | 0 | 200 | 300 |
| | Female | 20 (100%) | 0 | 0 | 100 | 240 |
| Harvesting | Male | 7 (37%) | 12 (63%) | 0 | 200 | 300 |
| | Female | 21 (100%) | 0 | 0 | 200 | 240 |

* Note: Data refer to number of farms, not number of workers. For example, in Zone 1, seven farms paid their female workers 200 INR per day for transplanting.

** Note: There has not been a range of payments in zone 1, the payments were all the same at the different farms.

16. During transplanting, women were usually handling the seedlings, while men were doing the irrigation.
17. During harvesting, women were usually plucking the leaves, whereas men were carrying the harvested leaves to the tractor.
18. Piece rate payment was observed at one farm for harvesting and stitching. In this case the calculated salaries in the table are based on written records for 15 workers. The farmer in question paid 14 INR per string, independently of the workers' gender.

Wages paid for CPA application were generally highest, ranging from 300 to 350 INR per spraying task which typically involved no more than half a day of work.

At a quarter (27%) of the farms visited by CU, exchange of labor between different farmers in the same village, where farmers helped each other out without being paid for it, was common practice. No cases could be identified where this practice led to unfair practices.

GPI's response:

"Feasibility study is under taken by university of agriculture and would collect data on wages paid by farmer to workers for different activities. Feasibility study also includes payment in other crops, and pros and cons of paying minimum wages in tobacco. This lends a greater clarity to move forward for implementation of minimum wages in tobacco.

Farmers paying below the minimum wage will be reported in the farm by farm monitoring sheet from Q3 2018 onwards by including a question in the farm by farm monitoring sheet under the group "Talk to the farmer" and "Talk to worker" to know for which activity farmer is paying minimum wage and the difference between the actual wages paid and the existing minimum wage. Farmers not paying minimum wages will be categorized in to "D" and no subsidy will be given after 2021."

2.2.2. Payment schedule

No evidence was found of farmers not paying wages regularly as required by the law.¹⁹ Typically, workers were paid daily or after the completion of their task, e.g. if transplanting took three days, workers would be paid after these three days.

2.2.3. Work hours and overtime pay

No evidence was found of farmers disrespecting the legal work hours on a regular basis.²⁰ In most cases there was no scheduled workweek, as workers had jobs on several farms at the same time. Rather than determining the exact amount of hours, farmers and workers agreed upon the tasks to be completed. This practice resulted in workers occasionally working more than six hours per day, but overtime work was not common and mostly the working day was of six hours. No cases were identified where overtime hours were involuntary.

In the occasional event of overtime, most of the farmers did not pay the legal overtime rate based on the legal minimum wage.²¹ Four farmers declared that their workers never worked overtime but also stated that they would not pay higher rates if overtime occurred. Twenty-one farmers (75%) occasionally paid overtime with an additional 50 INR per hour. The farmers were aware that overtime pay should be 1.5 times the regular pay. The overtime premium of 50 INR per hour only met this requirement if the regular pay was below the minimum wage (which was the case for many tasks and workers), but was too low in proportion to the legal minimum wage. Only three farmers (10%) were paying the legal overtime rate with 60-100 INR for overtime.

GPI's response:

"GPI will create awareness among farming community about over time payment through group training to famers and distribution of training materials to enhance knowledge on over time payment measurable in income and work hours. Training material will explain the methodology of calculation."

19. Indian law states that wages should be paid regularly as agreed, but not later than monthly (see Appendix III for more detailed legal information).

20. Legal working hours for agriculture in Andhra Pradesh are six hours daily.

21. Legal overtime rate is 1.5 times the regular pay

2.2.4. Legal benefits

According to Indian law, casual workers working for more than six consecutive days on one farm were entitled to one paid rest day per week.

Among the farms visited by CU, all workers were casual labor, either employed per day or per task (e.g. harvesting), which in most cases did not exceed more than five days. Only one farm was identified where workers worked at the same farm for more than six consecutive days. These workers did receive paid rest days, although at a rate of 150 INR, which is below the legal minimum wage for any category or task in the Andhra Pradesh minimum wage law.

In all other cases, where workers worked less than six consecutive days for a farmer, it depended on the labor demand and the decision of the workers how many days per week they wanted to work. As all workers worked on different farms across the season, they were able to plan their own (unpaid) resting days in between jobs.

GPI's response:

"[GPI will] create awareness to farmers on legal benefits of workers by conducting Group training to famers and distribution of training materials. Training material will include all benefits that the farmer should give to workers."

Although not a legal benefit, lunch was provided to workers in case they forgot to bring their own food, and, if needed, farmers would arrange transportation of workers from neighboring villages to the fields.

Underlying factors that increase risk

In addition to the underlying factors discussed above, the awareness among workers regarding the legal minimum wage was relatively low; nearly two-thirds of the workers interviewed did not know the legal minimum wage, as their actual wages were agreed at village level.

GPI's response:

"[GPI will] create awareness among workers about legal minimum wages for different activities. Also, disseminate information on minimum wages for different activities in different zones through mass media communication, like using loud speakers in villages. Training through role plays & motivating farmers to create awareness amongst workers on legal minimum wage and explaining to them the impact of payment of minimum wages on their standard of living. Check workers awareness during farm by farm monitoring by including relevant questions in the questionnaire."

Furthermore, several farmers claimed that they did not have enough money to pay more than the amount agreed in their community. With regard to unequal pay between men and women, the tasks carried out by women were typically considered lighter than the tasks done by men, and this was the reason why women were paid less. However, CU generally found the women's tasks not lighter than the men's tasks (see also Chapter 2.3.1).

Analysis and priorities

At the time of the assessment, the ALP Code Principle of Income and work hours was not a focus area for GPI. However, CU identified widespread issues regarding payment below the legal minimum wage, particularly for women workers. Several management employees mentioned to be aware of the gender gap in payment and to be planning a study together with a local university to gain more insight into this issue, but no action had been taken yet. This ALP Principle needs more focus by GPI personnel.

2.3. ALP Code Principle 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.

Main findings and challenges

2.3.1. Treatment of workers

No evidence was found of verbal, sexual, or physical abuse on the farms.²² However, discriminatory practices were identified in terms of unequal payment between men and women. The level of pay discrimination varied between farms.

On three farms (5%), men and women earned different wages for the same work. On one of these farms men earned 50% more than women for topping, on the other two farms this was the case for stitching (the only difference here was that the men also tied the finished tobacco strings to the barns). On the other farms, pay discrimination was less conspicuous because men and women were doing different tasks, with the women's tasks being considered 'light work' by the farmers. However, it can be argued that harvesting, one of the main tasks of women workers, should not be considered a light task because it involves exposure to green tobacco leaves and bent-over working in the sun and heat. At 22 farms (36%) men earned more than women for harvesting tasks because they also did the loading and unloading of the tobacco. However, many of these farms were located in zone 2 or 3 where the legal wage for loading and unloading was lower than, or equal to, the wage for harvesting (see Table in Chapter 2.2.1). This concern is exacerbated given that it appears that the higher wage for tobacco plucking should be applied.²³ On 35 farms

(58%) men and women received different wages for different tasks within the same labor category. On nine farms (15%) evidence was found that men earned the legal minimum wage for at least one of the tasks,²⁴ where women did not. All these examples indicate pay discrimination between men and women.

GPI's response:

"Field technicians will collect the Data on wages paid to men and women for different activities (zone wise) to understand the difference between wages paid to men and women. Simultaneously, Agriculture University has also taken up a project to see the feasibility of equal payment to men and women for the same activity. Action plan will be drawn based on the report from Agricultural University. It is Planned to implement equal wages to men and women in 3 villages on pilot basis from 2018 (2019 crop)."

No evidence was found of farmers not being available to workers in case of any grievances or issues to discuss. In some areas the workers were extended family, friends or neighbor farmers who worked on each other's farms, which reduced the risk of unfair treatment. Also, in some other areas, there was a scarcity of workers, which meant that farmers had to treat their workers well to ensure that they would keep working for them. All farmers reported that, if they did not treat their worker well, the workers would not show up again the next day.

2.3.2. Support mechanism

Support mechanisms facilitate workers' access to information, assist workers in difficult situations, and mediate disputes between farmers and workers. PMI's leaf tobacco suppliers are expected to ensure that farmers and workers have access to such a mechanism.

22. See Appendix III for legal details on fair treatment.

23. See discussion in chapter 1.3.1

24. This does not include CPA application

Together with the NGO Assist, GPI had recently started a support mechanism in three villages, targeting to cover a total of eight villages in 2018. This support mechanism was based on the traditional Indian structure of a community committee. In this set-up, ten respected members²⁵ of each village formed a committee, and workers or farmers could raise grievances either through a walk-in office, a phone line (including the option of text messages), or by talking to a social worker who also visited the fields and homes. These grievances would then be discussed by the committee together with the farmer and worker(s) in question, until a solution was found. The committee members ensured confidentiality and checked whether the agreed solution was actually adopted. All persons interviewed in the villages where the support mechanism was implemented had heard about the support mechanism, but none had used it so far. Documentation provided to CU by Assist showed that, so far, the mechanism had been used in 21 cases by workers for grievances on income and work hours, and safe working environment. In 20 cases the dispute had already been settled.

This system has several advantages, despite currently only existing on a small scale. By using locally appropriate, and familiar, cultural norms in the village committee, trust is built in the system (and avoids the inherent distrust of outsiders in these communities). The oversight of Assist ensures at least a measure of independence, and CU recognizes the importance of building on existing community structures and cultural traditions to gain acceptance within local villages and enable support in case of disputes. It is noted however that most of the committee members of the support mechanism were farmers themselves, including farmers delivering to GPI. This conflicts with the requirement in the ALP code of the support mechanism having to be independent and anonymous. The SMS option presents a potentially anonymous mechanism (barring the potential for mobile number disclosure to the committee). However, it is possible that for more egregious problems, such as physical or sexual

abuse, identity exposure is a potential concern under this system. While the committee members are respected members of the community (including GPI farmers), should a worker of one of those farmers have a grievance to raise, he/she may be reluctant to do so since the employer could be responsible for resolving the problem. CU recognizes the numerous advantages of a system that appears quite effective, but further attention to identity protection and confidentiality may be required, especially in the initial reporting of an egregious case of abuse.

GPI's response:

"[GPI will] recommend ASSIST to continue to train the committee members to retain the anonymity of the system and to function independently. Care will be taken to ensure that women are part of IDR (Informal Dispute Resolution) committee which facilitates bringing women related issues. (Sexual harassment). GPI will liaise with with ASSIST (NGO) to include women in IDR committee. Include equal number of farmers and workers in the IDR committee so that balance is maintained. Mobile numbers of IDR members is written in strategic location in villages so that grievances can be reported anonymously."

Analysis and priorities

CU identified widespread cases of gender discrimination in pay. GPI management mentioned that they were looking into options to address this issue, but so far nothing had been done. Clearly, more focus on this problem is needed. Though not used so far by CU's interviewees, the support mechanism showed to have helped in settling disputes between farmers and workers in several cases documented by Assist, indicating acceptance in the local communities. However, the support mechanism was available in only three villages at the time of the assessment, and GPI should aim to make it available to all villages where they procure tobacco. In addition, more effort is needed to ensure independency and anonymity of the support mechanism.

25. Including elders, farmers or other professions

2.4. ALP Code Principle 4: Forced labor

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

Main findings and challenges

2.4.1. Involuntary labor

No evidence was found of workers being unable to leave their employment or working against their will, or of contracted prison labor. Also, no evidence was found of workers being obliged to hand over their original identity documents or pay a financial deposit.

2.4.2. Indirect payment

At one farm (2%) evidence was found of indirect payment. Here, the farmer employed a married couple and two sisters, paying the wage of the wife to her husband and the wage of one sister to the other sister.

GPI's response:

"GPI will train and educate all farmers to ensure workers get direct payment."

Nine farmers (14%) used the help of a crew leader for hiring labor. In most cases, these crew leaders were workers themselves, who helped the farmer to find workers for a commission of five to ten rupees per worker. This commission was being paid by the farmer directly to the crew leader. No evidence was found of farmers paying their workers indirectly through the crew leader.

Analysis and priorities

CU found no evidence for widespread issues related to this ALP Code Principle. The risks are considered low because most workers were relatives, friends or

neighbors. Nevertheless, when working with crew leaders, farmers must stay aware of the need of direct payment to workers, and GPI should ensure that these practices are closely monitored.

2.5. ALP Code Principle 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.

Main findings and challenges

2.5.1. Training and awareness of GTS

At nine farms (14%) at least one person handling green tobacco was not aware of the existence and avoidance of Green Tobacco Sickness (GTS). Although each of these interviewees knew that it was required by GPI to wear the protective clothes, they did not know why this protection was needed. Three farmers (5%) were unaware of the existence and avoidance of GTS. As a result, these farmers either did not think it was necessary to train their workers, or were unable to train them. In general, farmers and workers were aware of the requirement to wear the complete set of PPE handed out by GPI,²⁶ plus a long sleeve blouse.

On 57 farms (95%) CU observed that persons handling green tobacco did not wear shoes, exposing their feet and lower legs to green tobacco (especially during stitching). Furthermore, on three farms (5%)²⁷ at least one of the persons handling green tobacco did not wear all of the required clothes, lacking either gloves or long sleeves. When harvesting, women generally wore a saree, a long sleeve blouse, apron and gloves. On some farms,

26. Consisting of apron and gloves

27. Those were not necessarily the same farms as mentioned in the previous sentence

workers were observed wearing the gloves the wrong way round, with the cotton top side worn on the inside of the hand and the plastic-covered palm section on the outside. Although this was not a breach of the ALP code (given that gloves were being worn), this practice increased the risk of exposure to GTS, because the cotton side of the glove is permeable.

GPI's response:

"[GPI will] increase awareness of workers on GTS through posters and trainings. Impart training to farmers and motivate farmers to create awareness on existence and avoidance of GTS among workers. Display of posters at strategic location in villages on existence and avoidance of GTS. [...] Farmers not compliant with GTS measurable will be categorized into "D" and he will not be eligible for any subsidies."

2.5.2. Training and handling of CPA

Awareness and adoption of GPI's safety requirements regarding CPA was high among the farmers. No evidence was found of persons handling or applying CPA without proper training. Many farmers applied the CPA themselves, using their own sprayer or a borrowed one. If a worker was hired for spraying he usually brought his own sprayer and also did the spraying for several farmers in the village.

No evidence was found of farmers not using the required PPE for CPA spraying in tobacco fields. Spraying was not observed during CU's farm visits, but all farmers interviewed knew that they should be wearing the PPE, were able to show the set provided by GPI, and affirmed that the PPE was used for spraying. However, in several cases the set looked unused, even though the farmer had already done spraying. Furthermore, two farmers were observed spraying CPA without protection in their other crops. Even though it is not GPI's responsibility to ensure that their farmers use protection while

spraying crops other than tobacco, this practice demonstrates that some farmers are not fully aware of the reasons for wearing protective equipment, beyond it being required by GPI. Furthermore, CU observed that the masks provided by GPI were dust masks, which are not considered sufficient for CPA spraying.

All farmers visited by CU had a lockable box provided by GPI, and in all cases the box was found to be locked when it contained CPA. However, at 17 farms (27%) not all CPA was stored in this box. In nine of these cases (14%) farmers had big containers that did not fit inside the box and were therefore stored outside. In the other eight cases, containers of non-tobacco related CPA were stored outside the box; the farmers in question said that they did not know whether they were allowed to store CPA for other crops in the boxes provided by GPI. This finding confirms CU's impression that farmers were not fully aware of the actual health risks, but only did what GPI asked them to do.

Storage of CPA containers

| | |
|--|----------|
| Large CPA containers left outside because they did not fit in the box | 9 (14%) |
| Non-tobacco CPA stored outside the box | 8 (13%) |
| Safe and locked storage of all CPA | 46 (73%) |

GPI's response:

"GPI takes steps to increase awareness of farmers to store CPAs of all crops in CPA box by organizing group training, distributing communication materials and pasting posters on strategic locations in villages during Q4 2018."

At the instruction of GPI, all CPA boxes were wall-mounted at a minimum height of six feet (183 cm) or, if walls were lower than that, the highest possible height. However, CU found that the recommended mounting height could pose a safety risk, as farmers had to climb on chairs or something else to open the box, and even then had to handle the hazardous substances above their head. This was especially true for cases where the boxes was mounted higher than six feet

GPI's response:

"GPI will define the height for installation at 6' (six feet) and advice farmers not to install at more than six feet for easy handling and visibility of CPAs stored while ensuring safety of children and domestic animals."

For disposal of empty CPA containers, GPI had installed collection bins in several villages. All farmers were aware of the presence and purpose of these bins. In villages without a collection bin, farmers said they would call the field technician to come and collect empty containers for disposal. Nevertheless, at two farms (3%) CU observed empty, non-punctured CPA containers lying around inside the farmer's house. Furthermore, 21 farmers (34%) did not puncture their empty containers before disposal, which, especially in the absence of a nearby CPA collection bin, increased the risk of these containers being reused for household purposes. Thirty-nine farmers (63%) reported correctly to wash and puncture their empty containers before disposal.

Disposal of CPA containers

| | |
|--|----------|
| Rinsed and punctured | 39 (63%) |
| Rinsed but not punctured | 21 (34%) |
| Empty, non-punctured containers found inside farmer's house | 2 (3%) |

GPI's response:

"GPI will educate the importance of puncturing the empty CPA containers to farmers by conducting group trainings on safe disposal of empty CPA containers and information through training material and pasting of posters on strategic location in villages."

On all farms with own CPA application equipment, this equipment was in good condition and free from leaks. At two farms (3%) persons applying fertilizer did not use gloves.

GPI's response:

"[GPI will] increase awareness and ensure usage of gloves by farmers during fertilizer application as well through group training, communication materials and posters."

No evidence was found of farmers not owning a red flag or not being aware of the re-entry period after CPA application.²⁸ However, seven farmers (11%) did not use the red flag or any other warning sign after CPA application. Additionally, in several villages CU found that neighbors or family members were not aware of the meaning of a red flag in the field.

GPI's response:

"GPI will create awareness and educate neighboring farmers and family members on the importance of red flags. Awareness will be created through word of mouth communication through progressive farmers, mass media communication viz. loud speakers and display of posters on strategic location in villages."

28. GPI communicated a re-entry period of 24 hours for all CPAs.

2.5.3. Clean drinking and washing water, sanitary facilities

The Vinukonda region has some very remote villages without infrastructure for water and sanitary facilities. This was also the case in one of the villages visited by CU, where inhabitants had to travel three to four kilometers to the next village to get drinking water, with motorbikes as the only means of motorized transportation. In this village, farmers did not provide drinking or washing water to their workers; everybody was responsible for bringing their own water. None of the farmers in this village hired paid workers, but farming their land through exchange of labor with the neighboring farmers and their families. At all other farms visited by CU, no evidence was found of farmers not providing drinking water to their workers.

GPI's response:

"During Q4 2018 RO plant will be provided to the village identified during audit, and subsequently agronomy team will identify villages not having access to drinking water. Once the villages identified, budget provision will be made in consultation with corporate affairs for subsequent implementation."

A general lack of sanitary facilities, resulting in open defecation, is a common problem in this region. None of the farmers provided (portable) sanitary facilities at the field. Eight farmers (13%) had the visited fields close to their home.

GPI's response:

"GPI will study the feasibility of providing sanitary facilities at farms by working with NGO and then identify a fabricator to develop portable sanitary facility at farms during Q2 2018 and installation of number of portable sanitary facilities at farms as prescribed by NGO during Q4 2018."

2.5.4. Workers accommodation

All the workers interviewed were locals and lived in their own home. Therefore none of the farmers was required to provide accommodation to workers, and no evidence could be found of inadequate accommodation.

2.5.5. General safety measures

In 2017 GPI had started to distribute first-aid kits, one for every ten farmers. In each village, the names and phone numbers of the farmers keeping a first-aid kit were painted on the walls. The majority of the farmers (62, i.e. 98%) were aware who in their neighborhood kept a kit and therefore knew where to go in case of emergency. Additionally, 27 farmers (43%) reported to have received a first-aid training.

GPI's response:

"Farmers awareness on availability of resources during emergency will be further enhanced by organizing trainings on first aid in the medical camps during Q4 2018. Corporate affairs will organize for medical camps in liaison with ASSIST (NGO)."

Analysis and priorities

Safe work environment was one of the focus areas of GPI. CU found that farmers were generally aware of the safety requirements, and that PPE was widely used by both farmers and workers. However, their understanding of the reasons why PPE should be worn was found to be limited; for example, some farmers did not use PPE in their other crops, and their workers often harvested tobacco without PPE when working for farmers supplying to companies other than GPI. Awareness and understanding of health risks is key to achieving behavioral change and consistent adoption of farm safety measures in tobacco and other crops, and should therefore be targeted by GPI. Furthermore, the general lack of sanitary infrastructure and the problems

arising from this require further investigation. As mentioned in Chapter 1.5 GPI already showed efforts to improve sanitary infrastructure in the region, and further improvements may be achieved in collaborative projects with other companies and the government.

2.6. ALP Code Principle 6: Freedom of association

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

Main findings and challenges

2.6.1. Workers' right to freedom of association

No evidence was found of farmers disrespecting their workers' right to freedom of association.²⁹ There were no active labor unions in the region of the assessment. Farmers allowed their workers to discuss common work goals and interests, or to bargain collectively. Various sources confirmed the collective bargaining of wages between farmers and workers at the beginning of the crop season.

Analysis and priorities

This ALP Code Principle was not a focus area for GPI, as there were no active labor unions in the region. Additionally, field technicians had adequate knowledge of this topic.

2.7. ALP Code Principle 7: Compliance with the law

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

Main findings and challenges

2.7.1. Information on legal rights

Typically, farmers informed their workers about the basic employment conditions at their farm, such as the wage they would receive, the hours they needed to work, their tasks, and payment conditions. However, none of the farmers fully informed their workers about their rights in terms of legal benefits, the legal minimum wage or the legal minimum rate for overtime hours. This was found to be due to two reasons: (1) farmers lacked the legal knowledge to inform their workers properly, and (2) farmers were unaware of their responsibility to provide this information to their workers.

GPI's response:

"[GPI will] create awareness amongst farmers on legal rights of workers & educate them to impart awareness to the workers by organizing a field day for workers through NGO to communicate legal rights to workers and train and motivate farmers to create awareness among workers on their legal rights."

2.7.2. Written contracts

None of the workers had a written contract for their employment. The ALP information leaflet distributed by GPI stated that casual (temporary) labor would not require a written contract, but as a general requirement Indian law provides for a written agreement. However, according to the local legal opinion a written agreement is not needed when the work is for not more than one or two days³⁰.

29. See appendix III for information on freedom of association and collective bargaining.

30. This information was only provided after the assessment, therefore no information has been collected on the amount of days worked, when less than a week.

GPI's response:

"[GPI] will work with government agencies and NGO's to explore the possibility of having written contract between farmer and the worker."

Analysis and priorities

While field technicians showed an adequate understanding of this topic, farmers were mostly unaware of the legal rights of workers. They did not know that it was their responsibility to inform workers about their legal rights. GPI also did not provide information on legal aspects to farmers. In line with the incorrect information in the GPI leaflet, neither field technicians nor farmers nor workers were aware of the legal requirement that casual workers must also have a written contract. Clearly, the knowledge of field technicians, farmers and workers needs to be improved for this ALP Code Principle. In particular, more attention should be given to the farmers' obligation to inform workers of their legal rights.

Chapter 3

ALP PROGRAM: FEEDBACK FROM FARMERS, WORKERS, AND OTHER STAKEHOLDERS



EXTERNAL ASSESSMENT
Burley farmers in Guntur and Prakasam

Control Union asked farmers, family members and workers what had changed on their farms since the start of the ALP Program. The general feeling was that the number of children working in tobacco production had decreased and that work safety had increased. Furthermore, it was reported that the relationship between farmers and workers had improved in the entire region throughout the last years, parallel to the ALP implementation.

All farmers were very happy with the materials provided by GPI (such as CPA storage boxes and PPE sets), as these were not provided by other tobacco buying companies in the region. Despite the strict requirements of the ALP program it was clear that farmers preferred to deliver to GPI, even if it meant more effort for them. Several farmers and workers reported that the PPE for GTS slowed them down and was very hot, and that they would appreciate a more suitable solution. One farmer was complaining about the way GPI was enforcing the ALP Code, as he felt too pressured.

Field technicians received feedback from farmers as well as workers and family members during their farm visits. They would discuss their findings during meetings with their supervisors. However, there was no structured process for reporting these findings to the ALP team.

In addition to farmers, family members and workers, CU also interviewed three employees of the NGO Assist, two in the main office and one social worker of the support mechanism in his village. All were very positive about the collaboration with GPI, and the efforts undertaken by GPI to improve the livelihoods of tobacco farmers and workers in the region – not only on the farms, but also in tobacco-grading facilities. They also pointed out that GPI's projects in general infrastructure development benefitted the development of the entire region. Assist shared several reports and documents showing the measured impact of the different projects throughout the region.

The number of projects undertaken by GPI showed that the company considered ALP not only as a PMI requirement for Burley farmers, but also as an opportunity to improve general living conditions in the region. Considering that local communities in India tend to be very closed to outsiders, the CU auditors from India, in particular, were impressed by the good relationship between farmers and field technicians and the willingness of farmers to answer CU's questions and talk about sensitive topics.

Chapter 4

APPENDICES



EXTERNAL ASSESSMENT Burley farmers in Guntur and Prakasam

Appendix I – Godfrey Phillips India’s Action Plan

1. Commitment to ALP Programme:

Strategy and Objective:

Audit Observation: No Documented structure for setting strategy

GPI Action Plan: Issues related to ALP shall be discussed between FTs, Supervisors and area agronomy managers including ALP pillar coordinator to put the documented structure in place for setting strategy.

Root cause of the issue will be analyzed and accordingly action plan prepared shall be implemented to mitigate the issues which will be taken up as STP initiatives. Identified initiatives will be discussed with PMI, GPI & ASSIST (NGO) and will be finalized in consultation with the Steering Committee annually, in the 3rd quarter. STP - coordinator will take the responsibility of setting the strategy and will communicate to all stakeholders.

This would give clarity to all stakeholders about the initiatives and implementation and will be verified through internal audit by GPI once in the middle of the season. PMI will also audit the same to ensure effectiveness.

2. Internal Capacity

Training and Knowledge of ALP Programme

Audit Observation: Practical understanding of FTs is always missing

GPI Action Plan: Practical approach shall be designed in training FTs which would include group discussion and role plays as part of the training. This will facilitate the understanding of FTs on ALP principles & measurables and equip them to implement in the field.

Training material and calendar will be prepared by ALP coordinator in Q2 2018 and training will be conducted in Q3 2018 by Area agronomy managers which will be overseen by ALP coordinator and this would be a continuous process. The effectiveness of training will be gauged through written tests and ability of the FTs to explain the given context.

Eg.: During the field visit if it is observed that farmer is paying timely wages to workers through the crew leader – What is the FTs reaction ?

Eg.: During the field visit it is observed that a 16 year old labour fully trained in CPA application is found applying CPAs – How do FTs deal with this situation ?

3. Communication of the ALP code requirements to farmers

Communication strategy and tactics

Audit Observation: According to law tobacco plucking has same rate as spraying of pesticides - Leaflet shows basic harvesting wage

GPI action Plan: The knowledge of all stakeholders will be updated to ensure that harvesting of leaf and plucking are different. Tobacco harvesting should be considered as plucking and the wages of plucking should be given by the farmers to workers irrespective of the gender.

This information will be disseminated to all stakeholders including farmers and workers through posters and pamphlets. ALP coordinator is responsible to get the required information printed in Q3 2018 and FTs will impart training to farmers subsequently in Q4 2018. This is going to be a continuous process till all stakeholders acquire required knowledge on wages to be paid for this activity.

4. Internal monitoring data collection, accuracy and addressing issues.

Socio economic data (farm profiles)

Audit Observation: One farm profile (FP) was not updated as farmer has not taken up transplantation.

GPI Action Plan: Farm profile Data collection commences only after farmer takes up transplantation and it is not possible to collect any data before commencement of transplantation. However, GPI will be vigilant to ensure that data collection is initiated once transplantation commences. Data collection will be cross-verified by Supervisors and Area agronomy managers to ensure all required data is collected accurately and in time. This is a continuous process throughout the cropping season every year.

Systematic monitoring Situation not meeting the ALP code standard

Audit observation: Payment below minimum wage is not reported

GPI action Plan: Since farmers are not paying minimum wages for majority of the activities, a practice which is widely prevalent, was brought to the notice of the management in the steering committee meeting. Country team made elaborate presentation on Minimum Wages and Gender Discrimination to steering committee. Since this is a widespread problem and all stakeholders knew about it, it was not reported in farm by farm monitoring.

From Q4 2018 FTs will be instructed to report the payment made below minimum wages and the same will be captured in farm by farm monitoring sheet which it would give an idea about as to for which activity workers are being paid minimum wages and for which other activities not being paid.

GPI has already started communicating to farmers activity-wise, zone-wise minimum wages to be paid and advising them the need to do so. A feasibility study is also undertaken by Agriculture

University and GPI will implement the recommendations after internal review. (Detailed action plan is written in P12 and P13 – Income and work hours section).

This activity will be carried out in Q3 and Q4 every year. FTs will do the farm by farm monitoring while supervisors and area agronomy managers will cross verify the activity to ensure regular data capturing with precision.

Audit Observation: Lack of sanitary facility not reported

GPI action plan: Data collection will be done to report the sanitary conditions on the farms. Based on the report analysis, decision will be taken at Steering Committee to assess the feasibility of providing portable sanitary facility at farm level. A suitable question related to sanitary conditions on the farms will be included in farm by farm monitoring sheet by people pillar co coordinator to know the sanitary facilities available on the farm. Based on the report, the Steering Committee will take the decision of whether or not to engage a NGO third party to take up the feasibility study on providing portable sanitary facilities at farm level. Action plan will be initiated in Q3 and Q4 of 2018 which gives an idea about the percent of farms having sanitary facilities and would further pave the way to draw suitable action plans to install portable toilets.

Audit Observation: Data monitoring sheet not available to FTs once submitted to office

GPI action plan: Farm by farm monitoring data will be made available to FTs. Collated data of farmers coming under the FTs will be made available in the excel sheet through FT tool kit. Once the collation is done the data will be available with the FT all the year round. Now since data is collected manually, the data monitoring sheet will be made available to all FTs throughout the cropping season. Data availability will facilitate better farm monitoring and FTs can be more vigilant while dealing with farmers with regard to ALP code violation if any. Issues followed up as per target timeline and FT will not miss any issues to be closed results in more effective implementation of ALP. Verification of FT tool kit by supervisor will be randomly crosschecked by area agronomy managers to ensure that all farm by farm monitoring data is available to FTs all the time for effective implementation.

Audit Observation: In theory, all seven principles were being monitored, but in practice the focus was mainly on child labor and safe work environment.

GPI Action Plan: Equal focus will be given to all measurables and the importance will be reinforced to Field technicians during training that all measurables should be monitored with equal priority. This will be reviewed during steering committee meetings to ensure that all measurables are monitored with equal importance. Field technicians monitor all measurables covering 100% farmers during Q3 and Q4 every year. Area agronomy managers will cross monitor process to ensure that all measurables are monitored with equal priority which results in overall improvement in ALP implementation and compliance

Prompt Actions:

Audit Observations: Prompt action is any violation ALP code, inadequate definition of prompt action and not mentioning vulnerable group

GPI action Plan: By definition prompt action is an activity in the field that calls for immediate stoppage of the work or activity and not just violation of any ALP code. Trainings and role plays comprise of focus on definition and understanding of prompt action and vulnerable groups. There is a difference between prompt action and major issues.

Major Issues- Issues which directly deviate from measurable standards resulting in non-compliance but not prompt action. E.g. Payment to worker through crew leaders, Discrimination against crew leader.

Minor Issues- Issues noticed on the farm, implementation of which results in farm improvement in terms of safety/worker treatment but are not violation of measurable standards. E.g. Incorrect way of wearing GTS gloves, not providing soap on the farm.

Godfrey Phillips India Limited has decided to Reinforce training on prompt actions to all the stake holders by including role play and group discussion to ensure that FT understands the difference between prompt action issues and other non-conformance of ALP that do not necessarily require prompt action.

This activity will be carried out in Q2 2018 People pillar coordinator is responsible to formulate training material and calendar while area agronomy managers train FTs and supervisors which results in better understanding of prompt action issues, major and minor issues.

This lends more clarity in raising prompt actions. 100% FTs with more than two years' experience will fully understand the definition and criteria of prompt action and will be fully equipped to handle prompt action situation in field. The effectiveness of training and level of understanding of the stake holders will be evaluated through written tests.

Data management and analysis

Audit Observation: Current year's prompt actions are not available to FTs after closure in the tablet

GPI Response: Current year prompt action data after closure of PA will be made available to FTs by updating the data in the hand held devices. Manager in-charge of Crop-in technology will take the responsibility of uploading the current year's data into hand held device during Q2 2018. Supervisors will ensure the availability of data in the hand held device and area agronomy managers will cross check the availability and usage of data. This gives an edge to FTs during farm by farm monitoring to be more vigilant and monitor the farmers accordingly and all recurring PA in a farms will be promptly observed and action would be initiated for effective implementation of ALP

Improvement plan for individual farms

Audit Observation: In some cases of PAs symptom is focused rather than root cause

GPI Response: "5 why "method of Training will be imparted to FTs to investigate root cause and the Root cause analysis training through Fish-Bone by a Six-sigma certified expert, will be organized during Q4 2018 cropping season. The training would enhance capability of FTs to

do root cause analysis in identifying real cause and for more effective actions and improvement plans to address the issue. Written test will be conducted to evaluate effectiveness of training and prompt actions submitted will be verified for clear root cause analysis to ensure whether FTs have fully understood the root cause analysis or not and take corrective steps to bridge the gap if still exists.

5. Address systemic and/or widespread issues

Audit Observation: Some PPE kits looked unused

GPI Response: We will find out the root cause for not using PPE and Create awareness on ill effects of non-usage of PPE while applying CPAs among farming community. This will be achieved through farmer interviews and trainings during Q3 and Q4 of 2018. FTs will train the farmers cross-checked by Supervisors and there will be random checking by Area agronomy managers to ensure trainings are conducted as scheduled. Usage of PPE kits by farmers will be monitored by FTs and cross checked by Supervisors and area agronomy managers for regular usage of PPE Kits. FTs will flag farmers who repeatedly spray without using PPE Kits while handling CPAs and it will be brought to the notice of steering committee to initiate more stringent action on errant farmers. This action plan improves farmer usage of PPE kits while applying CPAs.

Audit observation: Nose mask not sufficient for CPA spraying

GPI response: We provide nose mask with required standard to give enough protection against CPA application and review the standard of the nose mask annually to update ourselves on the standard of nose mask. EHS person will look into the standard of nose mask in Q3 2018 based on the MSDS. All masks will be replaced before start of next season with nose masks of standard meeting MSDS requirements. EHS will conduct annual audit to verify the standard of the nose mask.

Audit observation: One farmer complained that, he had received only 4 sets of GTS glove.

GPI Action plan: GPI will take care to ensure that, all farmers are provided with 8 pairs of GTS gloves during Q4 every year. The current system of getting acknowledgement from farmers after the receipt of the goods will be further strengthened to ensure that all farmers receive eight sets of GTS gloves. Further area agronomy managers will also cross check during regular visits to ensure that all farmers received eight pairs of GTS gloves. This will ensure that all farmers are receiving required number of GTS gloves and help in avoiding green tobacco sickness.

Audit observation: 03 per cent farmers are not aware about who had the first aid kit and in one village wall painting containing the required information was not observed.

GPI action Plan: GPI will ensure that all farmers are made aware about the location and responsible person having first aid kit. FT's will make farmers aware of the person having first aid kits while conducting meetings and also ensure that wall painting containing required information is projected at strategic points. Supervisors and FTs will take the responsibility of educating the farmers about the availability of first aid kits. Information on availability of first aid kits will be given during farmer trainings in Q4 2018 and annually there on. People pillar co coordinator

will take necessary actions to ensure that wall painting have required information about the details of person having first aid kit will be painted in all villages. Area agronomy managers and Supervisors will cross-check the existence of the wall painting during their regular visits and in case of anomaly, will bring it to the notice of people pillar coordinator to take corrective steps. Farmer awareness on the availability of first aid kit will be crossed checked during field visits by agronomy managers and the sample size will be decided based on the SRS (Systematic Random Sampling) tool. This activity results in all farmers knowing the location & responsible person having the first aid kit

6. Farm level assessment of working conditions regarding the ALP code standards

Crew leaders

Audit observation: In one field risk of indirect payment is identified.

GPI action plan: Create awareness to the farmers individually about the measurables in forced labour and risks of indirect payment. Train FTs to be alert during farm by farm monitoring to identify issues (indirect payment). Farm by farm monitoring will be carried out during Q3 and Q4 2018 by FTs and supervisors which will be cross verified by area agronomy managers. This is an ongoing process to ensure that there won't be any indirect payment of farmers to workers.

7. Child labour:

Children working and activities performed

Audit observation: NONE (based on the prompt actions)

GPI action Plan: Based on the prompt actions raised GPI still considers the risk of children being engaged during tobacco production and therefore further strengthen the system to ensure that child labour is not engaged in tobacco production. A more systematic risk assessment will be carried out to identify and estimate the risks involved and draw suitable action plans to mitigate the risk of child labor engagement in production chain.

Continue to create awareness among farming community about the importance of non-engagement of child labour during tobacco production. Raising prompt actions and Farm by farm monitoring will continue to ensure non engagement of children in tobacco production.

Risk assessment will be done in Q2 2018 while training of farmers and field technicians will be conducted in Q3 2018. Incidence of child labour in production chain will be escalated to higher levels on top priority and suitable action plan will be put in place to avoid such incidences in future. Training of all stakeholders on child labour measurable will continue as part of ALP implementation programmes.

This activity will be a continuous process during Q3 and Q4. People pillar coordinator will take the lead role while Supervisors and FTs continue to raise prompt actions and do farm by farm monitoring which results in zero child labour incidence in production chain. Effectiveness will

be evaluated through prompt actions, their closure and reporting, farm by farm monitoring and checking farmer training records.

After school activities is one more action plan to bring down the incidence of child labor. STP coordinator in consultation with Corporate Affairs would make necessary budget provision to run the programme. Children will be engaged in school for 90 minutes after the school so by the time they reach home all farm activities will be complete thus bring down the incidences of child labor. People pillar coordinator in consultation with ASSIST (NGO) will finalise the schools. Area agronomy managers during their field visits will also visit the schools to ensure the programme is running as scheduled and meets the objective. ALP pillar coordinator will submit a final report giving details of effectiveness of the programme. This programme will be run for 60 days during January to March every year.

Others:

Audit Observation: Harvesting and stitching is often considered as light work.

GPI action Plan: Create awareness about light and hazardous work amongst farmers and workers during Q4 every year and clearly explain the people working in the farm about GTS and its symptoms and avoidance through training, pamphlet and posters. Create awareness on how it occurs (by getting in touch with wet tobacco) and the risk remains the same even if they are handled in a cool and dry place, i.e. under shade. This activity will be conducted during Q4 every year.

Farmers not complying with child labour measurable twice during the season will not be awarded contract in the subsequent season.

People pillar coordinator will be responsible to prepare training communication materials like pamphlets and posters and FTs will conduct the training to farmers. This will be verified by Supervisors and Area agronomy managers to ensure that communication is taking place as scheduled. This would ensure awareness amongst farmers and workers on light and hazardous work.

The effectiveness of the training programme and over all understanding level of farmers will be assessed through evaluation tests and ALP coordinator will check on reported farms and agree a plan with FT and farmers to ensure that all stake holders have a complete knowledge on light and hazardous tasks and farmers allocate work to workers based on the age to ensure that no person under 18 years undertakes hazardous tasks. Farmers not complying with GTS measurable (not training workers and not providing required PPE kits) will be down-graded into "D" category and all subsidies will be stopped.

Others:

Audit observation: Nine Field Technicians (50%) provided an incomplete description of hazardous work.

GPI action plan: Training on light and hazardous work during Q4 every year to all field technicians and create awareness on how each hazardous activity poses risk to health and possible ways to mitigate the risk.

People pillar coordinator will be responsible to prepare training material and area agronomy managers will conduct the training to Field technicians. This will be verified by ALP coordinator to ensure that communication is taking place as scheduled. This results in enhanced awareness to field technicians on light and hazardous work to monitor farms accordingly and ensure no child below 18 years is involved in hazardous task.

The effectiveness of the training programme and over all understanding level of Field technicians will be assessed through evaluation tests

8. Income and Work hours:

Payment to workers

Audit observation: Minimum wage is not being paid to workers, however all farmers pay benchmark wages arrived through by collective bargaining between farmers and workers at the beginning of the season

GPI action Plan: In 2016 MAR Country team made an elaborate presentation on Minimum Wage and Gender Discrimination to steering committee. They were also apprised of the fact that the district labour commissioner (government authorities) knew of the situation well but, still kept quiet because of the financial position of the farmers and inconsistent returns from agriculture sometimes force farmers to take drastic steps.

Government authorities are also not getting any complaints on the subject and hence it is assumed that all stake holders including workers are in agreement with the current system of collective bargaining between farmers, workers and crew leaders and further opine that enforcing the law forcibly will worsen the situation than doing a word of good to target community.

However in order to be ALP compliant, Godfrey Phillips India Limited has further taken up steps to address this issue.

Feasibility study is under taken by university of agriculture and would collect data on wages paid by farmer to workers for different activities. Feasibility study also includes payment in other crops, and pros and cons of paying minimum wages in tobacco. This lends a greater clarity to move forward for implementation of minimum wages in tobacco.

Farmers paying below the minimum wage will be reported in the farm by farm monitoring sheet from Q3 2018 onwards by including a question in the farm by farm monitoring sheet under the group "Talk to the farmer" and "Talk to worker" to know for which activity farmer is paying minimum wage and the difference between the actual wages paid and the existing minimum wage. Farmers not paying minimum wages will be categorised in to "D" and no subsidy will be given any subsidy after 2021

People Pillar coordinator will take the responsibility of adding relevant question in the farm by farm monitoring sheet while Field Technicians collect the data during the cropping season. The action plan commences during Q3 2018. This results in greater clarity on minimum wages and facilitates to draw suitable action plans. It is planned to take up implementation of minimum wage on a pilot basis covering 03 villages during Q4 2018. Based on the implications of implementation during 2018 will be gradually spread to other growing areas.

Others:

Audit observation: Workers are mostly not aware of legal minimum wage but are aware of the bench mark wages which is prevalent in the VK BU growing region.

GPI action Plan: Create awareness among workers about legal minimum wages for different activities. Also, disseminate information on minimum wages for different activities in different zones through mass media communication, like, using loud speakers in villages. Training through role plays & motivating farmers to create awareness amongst workers on legal minimum wage and explaining to them the impact of payment of minimum wages on their standard of living. Check workers awareness during farm by farm monitoring by including relevant questions in the questionnaire. The question will be included in the questionnaire by people pillar coordinator while, farm by farm monitoring is done by FTs and crossed checked by Supervisors and area agronomy managers. With this workers will be made aware about the minimum wages for different activities. This activity will be carried out during Q3 and Q4 every year.

Others:

Audit observation: Occasional overtime hours were paid with additional 50 INR

GPI action Plan: GPI will create awareness among farming community about over time payment through group training to famers and distribution of training materials to enhance knowledge on over time payment measurable in income and work hours. Training material will explain the methodology of calculation.

Eg:

Zone II

Activity: Weeding

Wages: 289 per day (Six hours) = $289 / 6 = \text{INR } 48.16$

Over time: one hour = $\text{INR } 48.16 \times 1.5 = \text{INR } 72.25$

Therefore for weeding in zone II an amount of INR 72.25 (INR Seventy Two and Paise Twenty five is be paid for overtime work of one hour.

People pillar coordinator will take the responsibility of training and communication materials while FTs start training the farmer in Q4 2018 and will be crossed verified by supervisors and area agronomy managers. This enhances awareness of farmers on income and work hours “over time payment” measurable results in 100% of farmers paying premium wages for overtime work hours. Farm by farm monitoring by field technicians and unannounced farm visits by pillar coordinators will ensure effective implementation.

Others:

Audit observation: Farmers unaware of legal requirements for benefits and it was identified where workers worked more than six days without getting the prescribed legal benefit in only one farm

GPI action plan: Create awareness to farmers on legal benefits of workers by conducting Group training to famers and distribution of training materials. Training material will include all benefits that the farmer should give to workers. People pillar coordinator will take the responsibility training and communication materials while FTs start training the farmer in Q3 2018 and will be crossed verified by supervisors and area agronomy managers. This results in enhanced awareness of farmers on income and work hours “Legal benefit” measurable results in 100% of farmers aware of legal benefits to be provided to workers and implement the practice accordingly.

9. Fair Treatment:

Discriminatory cultural practice

Audit Observation: Discriminatory payment practices against women identified.

GPI action plan: Field technicians will collect the Data on wages paid to men and women for different activities (zone wise) to understand the difference between wages paid to men and women. Simultaneously, Agriculture University has also taken up a project to see the feasibility of equal payment to men and women for the same activity. Action plan will be drawn based on the report from Agricultural University. It is Planned to implement equal wages to men and women in 3 villages on pilot basis from 2018 (2019 crop). Data collection on wages paid to men and women for different activities and subsequent action plan for implementation will be done in Q2 2018. Payment register at farmer end will be verified by FTs during farm by farm monitoring to ensure equal payment to men and women for the same activity. Register will also be cross verified by supervisors and area agronomy managers to see the authenticity of the payment. Farmers not complying with this measurable will be flagged and brought to the notice of the steering committee to take more stringent actions including termination of contracts after 2021.

Support mechanism:

Audit observation: Not independent and not anonymous.

GPI action plan: GPI farmers being the committee members of SM initiative will not affect the transparency and anonymity of the SM.

Presence of GPI farmer will make him responsible for the issue, advise or influence the respective farmers to take necessary corrective actions.

Furthermore other farmers not being benefited out of GPI, neither wish to be in the committee nor keen in resolving the issue. We recommend ASSIST to continue to train the committee members to retain the anonymity of the system and to function independently. Care will be taken to ensure that women are part of IDR (Informal Dispute Resolution) committee which

facilitates bringing women related issues (Sexual harassment). GPI will liaise with ASSIST (NGO) to include women in IDR committee. Include equal number of farmers and workers in the IDR committee so that balance is maintained. Mobile numbers of IDR members is written in strategic location in villages so that grievances can be reported anonymously. This activity will be carried out during Q3 and Q4 every year.

10. Forced labour

Indirect payment:

Audit observation: Evidence of indirect payment was found (1 farm = 2%)

GPI action plan: GPI will train and educate all farmers to ensure workers get direct payment. This will be ensured through group trainings to farmers, Distribution of training materials and continue to collect data from workers on this issue through farm by farm monitoring during Q3 (distribution of information material) and Q4 (training of all stake holders) every year. People pillar coordinator will be responsible for training and communication materials while FTs do the farm by farm monitoring during the cropping season every year. Supervisors and area agronomy managers cross verify to ensure effective monitoring to identify stray incidences of indirect payment if any and resolve them immediately. This results in complete elimination of indirect payment.

11. Safe work environment

Training and awareness on GTS

Audit observation: At 9 farms (14%) at least one person handling green tobacco was not aware of existence and avoidance of GTS

GPI action plan: Increase awareness of workers on GTS through posters and trainings. Impart training to farmers and motivate farmers to create awareness on existence and avoidance of GTS among workers. Display of posters at strategic location in villages on existence and avoidance of GTS. People pillar coordinator will take responsibility for printing of training material and posters while Field technician impart training to farmers during Q4 every year. Supervisors and area agronomy managers cross check to ensure trainings are conducted as scheduled. Farmers not compliant with GTS measurable will be categorized into “D” and he will not be eligible for any subsidies. This results in all workers and farmers attaining required knowledge on existence and avoidance of GTS to ensure that all farmers and workers totally avoid GTS.

Training and awareness on GTS

Audit observation: At 57 farms 95% persons handling green tobacco did wear required harvesting cloth – Shoes and in some farms GTS glove was improperly worn.

GPI response: Increase awareness of workers on GTS through posters and trainings. Impart training to farmers and motivate farmers to create awareness on existence and avoidance of GTS among workers .Display of posters at strategic location in villages on existence and avoidance of

GTS. People pillar coordinator will take responsibility for printing of training material and posters while Field technician impart training to farmers during Q4 every year. Supervisors and area agronomy managers cross check to ensure trainings are conducted as scheduled. This results in all workers and farmers attaining required knowledge on existence and avoidance of GTS to ensure that all farmers and workers totally avoid GTS.

Sanitary facilities:

Audit observation: None of the farmers had (portable) sanitary facilities at work

GPI action plan: GPI will study the feasibility of providing sanitary facilities at farms by working with NGO and then identify a fabricator to develop portable sanitary facility at farms during Q2 2018 and installation of number of portable sanitary facilities at farms as prescribed by NGO during Q4 2018. Plant engineer will look at various models of sanitary facility suitable to growing area and STP coordinator will work with corporate affairs for funding and implementation part. Implementation will be tracked by CSR report and field technicians at ground level. This is results in availability of sanitary facility at work place for all workers.

Others:

Audit observation: The majority of the farmers (1 farmer 2% unaware) were aware who in their neighborhood kept a kit

GPI action plan: Farmers awareness on availability of resources during emergency will be further enhanced by organizing trainings on first aid in the medical camps during Q4 2018. Corporate affairs will organize for medical camps in liaison with ASSIST (NGO). Unannounced visits will be conducted by area agronomy managers to check the knowledge of farmers on first aid by including a question on first aid in the unannounced questionnaire. This will enhance all farmers to have access to resources in case of emergency

Others:

Audit observation: At 17 farms (27%) CPA were not stored in a safe and locked storage- CPA for other crops was stored outside the box – farmers were not aware if they were allowed to store them inside

GPI action plan: GPI takes steps to increase awareness of farmers to store CPAs of all crops in CPA box by organizing group training, distributing communication materials and pasting posters on strategic locations in villages during Q4 2018. People pillar coordinator will take care of training material and printing of pamphlet and posters while field technicians conduct trainings to farmers to create required awareness on storage of CPA from all crops. Supervisors and area managers cross check to ensure planned activities are being carried out accordingly. Farm by farm monitoring by field technicians and unannounced visits by area agronomy managers will further strengthen the process. This is an ongoing process and will be conducted in Q4 every year. This contributes in safe and secure storage of CPAs from all crops.

Others:

Audit observation: It was observed that, CPA lock up boxes were installed at a very high height posing risk at the time of storing CPAs.

GPI action plan: GPI will define the height for installation at 6' (six feet) and advice farmers not to install at more than six feet for easy handling and visibility of CPAs stored while ensuring safety of children and domestic animals. Field technicians will verify the height of installation at every farm and agronomy managers will cross check through random unannounced visits during Q4 every year. Samples will be drawn based on the systematic random sampling tool (SRS). This results in safe storage of CPAs and eliminate the risk of installing at a very high height.

Others:

Audit observation: 39 farmers (63%) reported to wash and puncture the empty CPA containers before disposal

GPI response: GPI will educate the importance of puncturing the empty CPA containers to farmers by conducting group trainings on safe disposal of empty CPA containers and information through training material and pasting of posters on strategic location in villages. People pillar coordinator will take care of training material and printing of pamphlet and posters while field technicians conduct trainings to farmers to create required awareness on safe disposal of CPA containers. Supervisors and area managers cross check to ensure planned activities are being carried out accordingly. Farm by farm monitoring by field technicians and unannounced visits by area agronomy managers will further strengthen the process. This is an ongoing process and will be conducted in Q3 and Q4 every year. This results in safe disposal of CPAs from all crops.

Others:

Audit observation: 17 farmers (27%) had fertilizer bags lying around openly in front of their home or in their home

GPI action plan: GPI creates awareness among farmers to ensure proper storage of fertilizer bags. GPI trains farmers about the ill effects of direct contact of fertilizers and educate them to store in a separate room where possible else ask them to cover fertilisers bags to avoid direct contact and empty fertilizer bags should be disposed immediately in the nearest empty CPA container bin in consultation with field technician. This is an ongoing process and field technicians train the farmer in Q3 every year. Supervisors and area agronomy managers cross check to ensure trainings are conducted as scheduled. Farm by farm monitoring by field technicians and unannounced visits by area agronomy managers will further strengthen the process. This results in safe and secure storage of fertilizer bags and later safe disposal which reduces pollution and thereby reduce risk to environment.

Others:

Audit observation: At 2 farms persons applying fertilizer were not wearing gloves

GPI action plan: Increase awareness and ensure usage of gloves by farmers during fertiliser application as well through group training, communication materials and posters. People pillar coordinator will take care of training material and printing of pamphlet and posters, while field technicians conduct trainings to farmers to create required awareness on usage of glove while applying fertilisers. Supervisors and area managers cross check to ensure planned activities are being carried out accordingly. Farm by farm monitoring by field technicians and unannounced visits by area agronomy managers will further strengthen the process. This is an ongoing process and will be conducted in Q4 every year. This results in increased awareness amongst famers and workers and increased usage of glove while applying fertilisers.

Others:

Audit observation: In several villages neighbors or family members were not aware of meaning of red flag

GPI response: GPI will create awareness and educate neighboring farmers and family members on the importance of red flags. Awareness will be created through word of mouth communication through progressive farmers, mass media communication viz. loud speakers and display of posters on strategic location in villages. People pillar coordinator will take care of printing posters while field technicians and supervisors will be responsible to create awareness on why red flags are being posted through mass media communication. This is an ongoing process and will be conducted in Q4 every year. Effectiveness of the communication and level of farmer understanding will be verified through random questioning the villagers about the REI signage during the regular visits. This results in increased awareness of all the villagers about red flags resulting in safe Re-entry after CPA application.

Others:

Audit observation: : One village did not have access to drinking water and no big vehicles, only motorbikes; inhabitants had to go around 3-4 km to next village for water.

GPI response: Ensure availability of safe drinking water to villagers identified during audit and also identify villages which do not have access to drinking water by providing RO plant to villages. During Q4 2018 RO plant will be provided to the village identified during audit, and subsequently agronomy team will identify villages not having access to drinking water. Once the villages identified, budget provision will be made in consultation with corporate affairs for subsequent implementation. This leads to provision of drinking water to all villages which will be reflected in GPI's CSR report.

12. Compliance with law

Information on legal rights:

Audit observation: None of the farmers fully informed their workers about their legal rights.

GPI action plan: Create awareness amongst farmers on legal rights of workers & educate them to impart awareness to the workers by organizing a field day for workers through NGO to

communicate legal rights to workers and train and motivate farmers to create awareness among workers on their legal rights. Field technicians conduct trainings to farmers to create required awareness on legal rights of workers and supervisors and area managers cross check to ensure planned activities are being carried out accordingly and NGO will create awareness to workers on their legal rights. This is going to be an ongoing process and will be carried out during Q3 every year. This results in creating awareness on legal rights of workers to farmers and workers as well. Degree of awareness and effectiveness of training will be verified through unannounced visits by area agronomy managers and farm by farm monitoring by field technicians.

Formalization of employment:

Audit observation: None of the workers had their employment documented/written contracts.

GPI action plan: In India, in case of tobacco cultivation and agriculture in general, the employee employer relationship can be very different from organized industrial activity. The same casual workers may be working with different farmers at the same time. Sometimes small farmers manage their agricultural activity through family members only. There could also be a possibility that same worker may be working on daily wages with same farmer for a number of days. Therefore it not possible to have written understanding for workers working with the farmer for a day or two. However we will work with government agencies and NGO's to explore the possibility of having written contract between farmer and the worker.

Others - General

Audit observation: Field technicians knowledge on ALP measurable to be further honed:

GPI action plan: GPI will further strengthen its communication and training to hone skills of Field technicians on all ALP measurable. ALP coordinator will prepare training material covering all 32 measurable, prompt actions and farm by farm monitoring and also training schedule. Area agronomy managers will conduct training as scheduled and ALP coordinator will conduct written tests to measure the effectiveness of training. This activity will be carried out during Q3 and Q4 every year. This results in overall improvement of Field technician's knowledge on ALP measurable.

Appendix II – Scope and methodology

Assessment team

The team responsible for conducting this assessment consisted of three auditors from India, three Telugu-English translators, and two CU coordinators from Germany and the Netherlands.³¹ The auditors conducted the farm assessments and interviewed field technicians. The two coordinators interviewed GPI management and external stakeholders. The auditors as well as the coordinators had been trained by Verité and Control Union. This qualification process consisted of the following stages:

- Selection of candidates by CU;
- Webinars organized by CU to verify suitability of candidates;
- Completion of online training provided by Verité;
- Full week classroom training conducted by Verité with CU;
- Two-day refresher training by the CU coordinator prior to starting the field visits; and
- Shadowing during farm visits by CU coordinators.

The translators received one day's training prior to the field visits. This training focused on understanding the ALP Code and the translators' roles during the field visits.³²

Desk review

Prior to this assessment GPI was requested to send documentation to CU to give the assessment team a better idea about the market characteristics and the management systems that were in place. The PMI legal counsel for India provided the legal information that was relevant to the ALP Code (See Appendix III for more detailed legal information). This was

important to ensure a thorough preparation of the assessment. Legal information regarding casual labor was provided during the management assessment by the legal counsel of GPI, as that was not included in the legal information received prior to the assessment.

Opening meeting

On 28 November 2017, CU started the assessment with a meeting at GPI's Leaf office in Kalikivayu (Singarayakonda) close to Ongole, Andhra Pradesh, India. This meeting was attended by GPI's management team (Executive Vice President, Head of Leaf, STP Coordinator, ALP coordinator, ALP Analyst, Managers for Corporate Affairs, Human Resources, Legal, and Health and Safety, and the Production Manager) as well as PMI Regional. CU presented the objectives and approach of the assessment, while GPI provided a brief overview of the market and company background.

Methodology for ALP implementation system review

The methodology used for evaluating GPI's implementation of the ALP Program was based on the widely used PDCA³³ cycle, which is a management method for the continuous improvement of processes and products. As part of this evaluation, CU spent two days (28 and 29 November 2017) at GPI's Leaf office. CU interviewed management staff, analyzed documentation, and evaluated GPI's systems, to better understand how the implementation of the ALP Program was organized. In total, CU interviewed ten management personnel and 18 field technicians. Additionally, CU interviewed one stakeholder: three employees of Assist, the NGO involved in the implementation of the support mechanism, the after-school program, and other CSR initiatives.

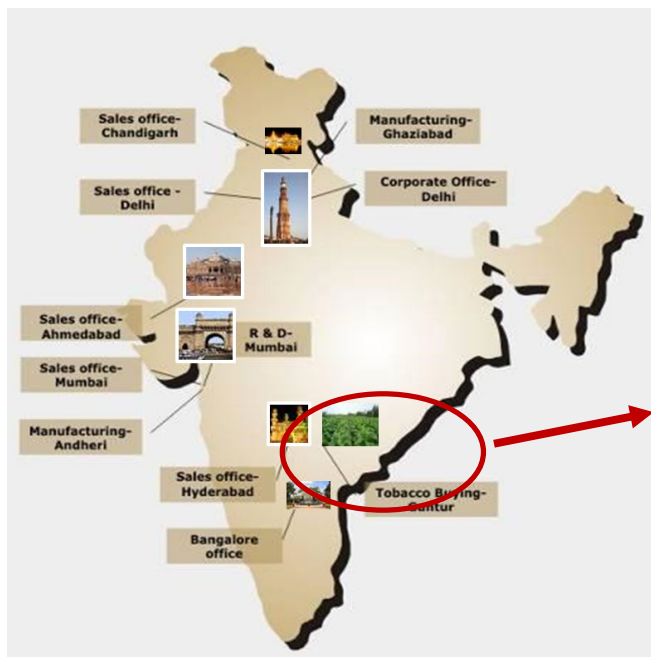
31. The coordinator from the Netherlands did not stay for the entire assessment, but only for the management assessment and one field day.

32. The translator was requested to literally translate the conversation between auditors and the interviewees, in order to avoid any type of interpretation.

33. Plan, Do, Check, Act

Scope and farm sampling

At the time of the assessment GPI mainly sourced Burley tobacco from the Vinukonda region in the districts of Guntur and Prakasam in Andhra Pradesh. This region was chosen as the scope of the present assessment.



GPI Tobacco production in India

The average tobacco field size of the farmers in the scope of the assessment was around one hectare. Of the farmers visited for this assessment, 80% grew tobacco on an area of less than two hectares. In this group, around one-third leased their land, one-third owned the land, and one-third partially owned and partially leased the land they were farming with tobacco.

In 2017, GPI had contracts with 3,884 Burley farmers in Vinukonda. Among this group, 310 farmers had not yet transplanted tobacco this season due to various reasons, but were nevertheless included in the scope of this assessment, as they had valid contracts and also received training from GPI. Two of the farmers visited by CU had not yet transplanted tobacco this season.

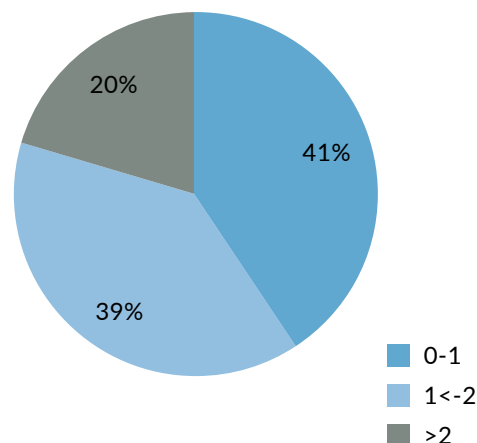
GPI's Burley farmers in Vinukonda were supported by four area production managers, five supervisors and 49 field technicians. To constitute a meaningful sample, CU needed to visit at least 63 farms, the square root of the total population of farmers within the scope. In total, CU visited 63 farmers, which were sampled randomly or selected based on

geographical spread, with a preference for farms that had transplanted tobacco.

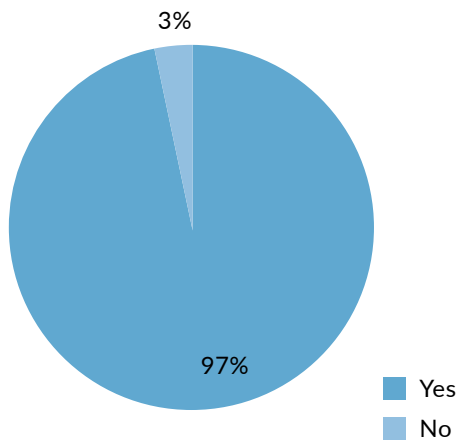
Over a period of two weeks CU visited 9-12 farms per day, where each field day was followed by a reporting day.

The graphs below provide demographic information about the farms visited.

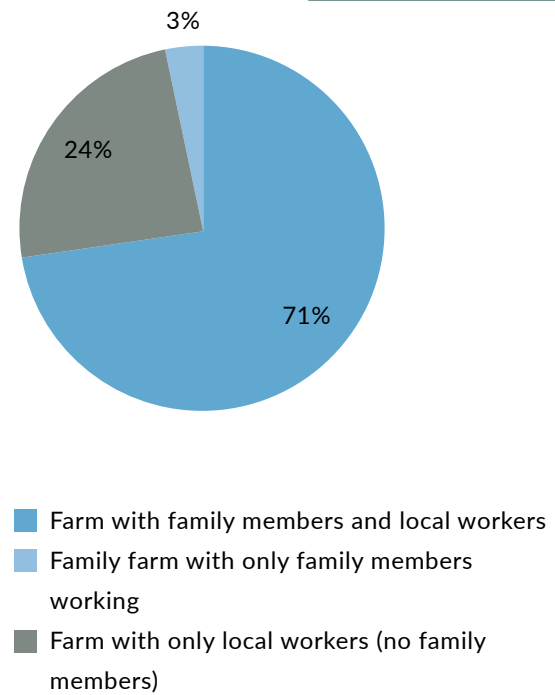
Farm size (ha contracted by GPI)



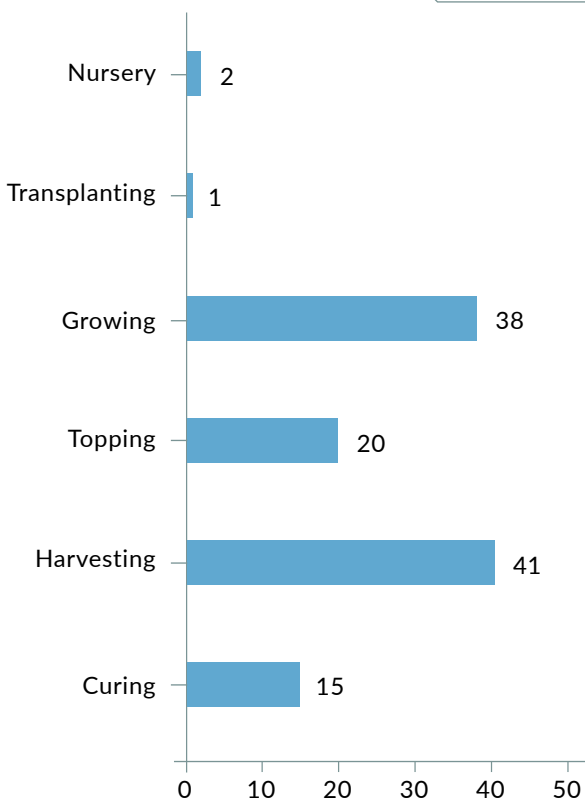
Previously contracted by GPI



Type of farm



Stage of tobacco production



Note: Farms can be in several stages of tobacco production at once, therefore the sum of the numbers shown in the graph is more than the number of farms visited (63).

All external workers were from the local area and were employed as casual labor, working full days several days a week. Exchange of labor, i.e. farmers helping each other out on their farms without paying one another, was common practice on 27% of the farms visited by CU.

Thanks to the openness and collaboration of GPI, CU managed to conduct all of the farm visits unannounced. This meant that the farmers had not been informed about the visit and its objectives prior to CU's arrival. GPI did inform farmers in the weeks before the assessment that a visit could take place within a certain period, but said nothing in the days prior to the visits. However, CU auditors noticed that farmers in neighboring villages frequently communicated with each other and hence were informed about the auditors' presence in the region and the type of questions they would ask. CU informed GPI about the names of the selected field technicians the day before their visit would take place (except for the first day, when the field technicians were gathered for an introductory meeting and the three technicians for the first day were announced). The names of the farmers were provided on the day of the visit in the car, and only

for the next farmer. The reason for this was that CU wanted to obtain a realistic picture of the farm practices, which was most likely to be seen when arriving unannounced.

Methodology for ALP farm practices review

The methodology used during the farm visits was based on triangulation of information. Auditors were instructed to seek at least two, preferably three, sources of information. They used their findings to draw conclusions about whether farm practices were meeting the standard of the ALP Code. These sources could be interviews with farmers, family members, or workers. Sources could also include documentation and visual observation of the farm area, field, storage facility, and curing barns. This methodology was also used to investigate the underlying factors that increase the risk of not meeting the standard. In addition to information triangulation CU also used the “Five Whys” methodology, a commonly used technique to obtain an understanding of problems, to investigate the reasons behind certain issues. Before every interview CU explained the objective of the assessment and assured interviewees that all information would be kept completely anonymous. Next to assessing labor practices, CU also verified the impact of ULPI’s management systems and the ALP Program, to see how this was perceived by field technicians, farmers, family members, and workers.

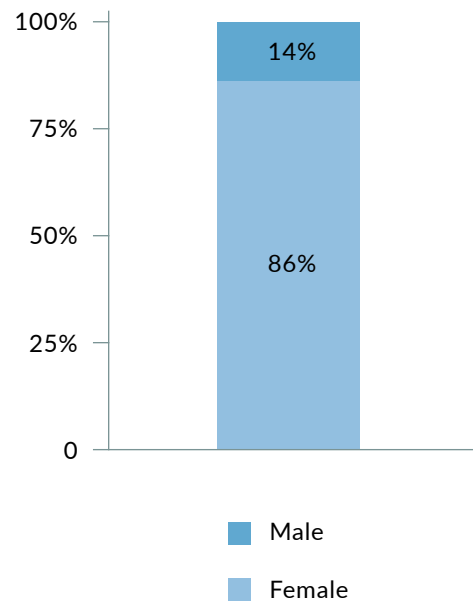
People interviewed

In addition to the 63 farmers, CU interviewed 22 family members and 21 external workers. Whenever possible, interviews with workers and family members were conducted individually and without the farmer, to avoid undue bias. For the same reason, all interviews with farmers were conducted without the field technicians. However, it was not always possible to conduct individual interviews with the farmers’ wives, because of cultural reservations about women being alone with a man (the auditor), even in the presence of another woman (the translator). Furthermore, as the culture in the visited villages was very community-based,

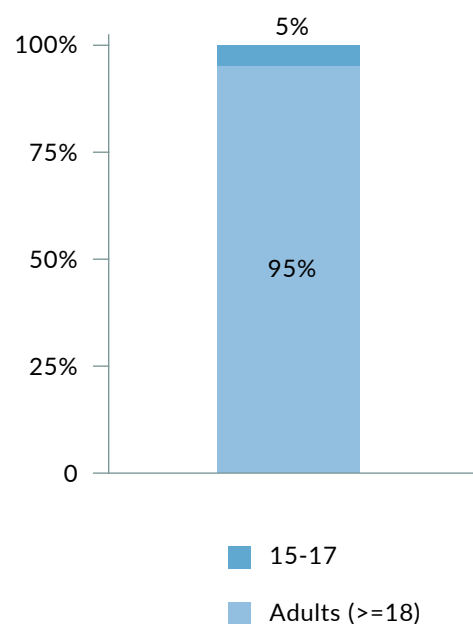
in several cases a group of relatives or neighbors would show up at the farm, wanting to listen in to the interviews or share some of their knowledge.

The following graphs show demographic information of the family members and workers interviewed:

Gender



Age



The high percentage of female interviewees is representative of the number of female workers in the field, where more women than men were employed for labor intensive tasks such as harvesting and transplanting.

The two interviewed minors were family members (one wife, one son) who were not involved in tobacco production. They were interviewed at the farmers house.

Closing meeting

On 15 January 2018 a closing meeting was held at GPI's Leaf office in Kalikivayu. Similar to the opening meeting, this meeting was attended by GPI's management team and PMI Regional. From CU's side the meeting was attended by the coordinator from Germany and one of the auditors from India. Additional attendees were the Verité consultant for Asia, Philip Morris India (IPM) personnel and higher management of GPI. After CU presented their initial findings, GPI requested clarification of

some items, which was followed by a constructive discussion on several topics. Overall, CU's findings were considered a useful base for taking action to improve GPI's implementation of the ALP Program.

Reporting procedure

During the assessment, auditors reported after each field day to the coordinator. The latter monitored the auditors' findings and provided feedback whenever necessary. The coordinator compiled all findings and combined these with the findings from the management assessment. Public release of CU's assessment report demonstrates PMI's commitment to transparency, which is an important component of the ALP Program. CU authored the final report, which was evaluated by Verité. PMI reviewed the report to ensure consistency of the presentation of CU's findings worldwide. Finally, GPI reviewed the report to verify that all the information was correct, and to finalize their action plan based on this report.³⁴

34. Leaf tobacco suppliers can start drafting their action plans after the closing meeting, as initial findings usually do not differ much from the final report.

Appendix III – Legal information

INDIA

General

Author: Arunabh Suman

Reviewed by: Victor Guerra

Date of analysis: April, 2017.

1. Principle 1 – Child Labor

1.1 Items to be covered by your answer

- Minimum age for employment (in tobacco)
- Requirements applying to farmers' own children or other family members such as nieces and nephews helping on the farm
- Age (or ages) limit for compulsory schooling
- Definitions of hazardous work (incl. agricultural activities that constitute hazardous work) as well as any tasks that workers under 18 are specifically prohibited from participating in by law
- Other restrictions or requirements on the employment of workers under 18 years (e.g. limit on work hours, work permits, etc.)

1.2 Applicable laws

Child Labour (Prohibition and Regulation) Act 1986 as amended in the year 2016.

1.3 Your answer

Section 2(a)(ii) The Act defines a child who has not completed 14 years of his age. As per Section 3(l) prohibits a child to work in any occupation or process. (Child Labour is in any case prohibited, so may not be included in this document)

However, The Act permits a child to work to help his/ her family / family enterprise that is not hazardous after the school hours or during vacations which does not hamper his/ her education. In relation to a child family would mean his mother, father, brother, sister and father's sister and brother and mother's sister and brother;

As regards the Adolescents who have completed fourteenth year of age but has not completed eighteen year of age, is permitted to be employed except hazardous employment that are mentioned in the schedule of the Act.

The farming has not been notified as a hazardous activity whereas Tobacco processing including manufacturing of tobacco, tobacco paste and handling of tobacco in any form has been notified as Hazardous activity.

As regards the Child the employment is completely prohibited whereas the Adolescent can work in employment which is not hazardous in nature.

Since the Tobacco plantation would be a scheduled employment within the meaning of Minimum Wages Act 1948, the working hours of the persons employed would be prescribed as per Section 13 Of The Minimum Wages Act.

The Constitution (Eighty-sixth Amendment) Act, 2002 inserted Article 21-A in the Constitution of India to provide free and compulsory education of all children in the age group of six to fourteen years as a Fundamental Right in such a manner as the State may, by law, determine. The Right of Children to Free and Compulsory Education (RTE) Act, 2009, which represents the consequential legislation envisaged under Article 21-A, means that every child has a right to full time elementary education of satisfactory and equitable quality in a formal school which satisfies certain essential norms and standards.

Article 21-A and the RTE Act came into effect on 1 April 2010. The title of the RTE Act incorporates the words 'free and compulsory'. 'Free education' means that no child, other than a child who has been admitted by his or her parents to a school which is not supported by the appropriate Government, shall be liable to pay any kind of fee or charges or expenses which may prevent him or her from pursuing and completing elementary education. 'Compulsory education' casts an obligation on the appropriate Government and local authorities to provide and ensure admission, attendance and completion of elementary education by all children in the 6-14 age group. With this, India has moved forward to a rights based framework that casts a legal obligation on the Central and State Governments to implement this fundamental child right as enshrined in the Article 21A of the Constitution, in accordance with the provisions of the RTE Act.

2. Principle 2 – Income and Work Hours

2.1 Items to be covered by your answer

- Laws on regular and overtime hours (e.g. maximum work hours)
- Requirements that employers must meet to request overtime from workers
- Laws on regular and overtime wages (e.g. minimum wages, minimum wages agreed with unions)
- Laws on basic entitlements to be paid to workers (e.g. social security, health care, holidays, other leave entitlements etc.)
- Wage and hours law specific to piece rate workers, seasonal workers, and migrant workers

- Laws on payment of wages relevant to the frequency of payment in agriculture, for example, laws on whether end-of-season one-time payments are permissible
- Laws on in-kind payment
- Legal requirements for migrant workers to ensure they are legally permitted to work
- Other specific rules applicable to migrant workers

2.2 Applicable laws

The Minimum Wages Act 1948.

The Andhra Pradesh Minimum Wages Rules 1960 and notifications

2.3 Your answer

In respect of Scheduled Employment, The Minimum Wages Act 1948 provides that number of hours of work should not exceed nine hours in a day including rest for half an hour and 48 hours per week and a day of rest in every seven days normally on Sundays. However, the Andhra Government has issued a notification dated 18.7.2012 wherein it has provided 5 hours working in ploughing and 6 hours in other processes in Agriculture.

The number of working hours in a day is also provided in Factories Act 1948 and Shops and Establishment Act of the concerned states as would be applicable to a specific business.

The restrictions on overtime are specific to the type of industry. In general, the following limits must be met for overtime under the Factories Act, 1948:

The total number of hours of work in any day shall not exceed ten – Hence maximum of 2 hours of overtime per day possible;

The total number of hours of work in a week, including overtime, shall not exceed sixty – Hence, maximum of 12 hours of overtime permissible in a week;

The total number of hours of overtime shall not exceed fifty for any one quarter.

The Employer can ask the employees to work over time for certain exigencies.

The Minimum Wages Act requires the employers to pay minimum wages as are fixed by way of notification issued from time to time for a particular period. Link of the minimum wages notification issued by the Andhra Pradesh Government is given here for reference. http://labour.ap.gov.in/documents/VDA_01102017_31032018/1Agriculture.pdf

Besides the Minimum wages the employees would also be entitled to, overtime @1.5 times of wages . In the event the employee is working for six days in a week he would be entitled to seventh day off/ weekly off. In the event twenty or more employees are employed, the employee would be entitled to EPF benefits also

irrespective of the fact whether the employee works for a day or more in a casual or permanent basis.

Piece Rate workers would also be entitled to minimum wages for a normal working day which shall not be less than 8 hours of work and to arrive at a daily rate, monthly rate shall be divided by 26, which includes rest day wages. Interstate migrant workers are being employed only through contractors and it is the duty of the contractor to ensure regular payment of minimum wages to such workmen failing which the principal employer would be liable to pay. Besides the contractor shall pay displacement allowance at the time of recruitment equal to 50% or 75% of monthly wages payable to him whichever is higher.

The payment of wages in Agriculture should be made before the expiry of 15 days after the last day of wages period in respect of which wages are payable.

There is no law with respect to the payment in kind.

The Inter State Migrant Workmen (Regulations of Employment and Conditions of Service) Act 1979 applies to every establishment in which five or more inter-State migrant workmen are employed or were employed on any day of the preceding twelve months. It will also apply to every contractor who employs or employed five or more such workmen for such period and Inter-State migrant workman, has been defined under the Act to mean any person who is recruited by or through a contractor in one State under an agreement or other arrangement for employment in an establishment in another State, whether with or without the knowledge of the principal employer in relation to such establishment. In order to fall within the category of inter-State migrant workman under The Act, the employment/ engagement would require to have taken state for rendering services in other state.

Maintain the registers indicating the details of interstate workers and make available for scrutiny by the statutory authorities. Issue of passbook affixed with a passport-sized photograph of the workman indicating the name and the place of the establishment where the worker is employed, the period of employment, rates of wages, etc. to every inter-state migrant workman. Principal employer shall be liable to bear the wages and other benefits to interstate workers in case of failure by the contractor to effect the same.

3. Principle 3 – Fair Treatment

3.1 Items to be covered by your answer

- Laws defining and prohibiting verbal, psychological, physical punishment, and sexual harassment and abuse
- Laws defining and prohibiting discrimination
- Protection of workers from discrimination (workers' rights and employers' obligations)
- Laws on resource for victimized workers, if applicable

3.2 Applicable laws

Industrial Disputes Act 1947

Sexual Harassment of Women at Workplace (Prevention and Redressal) Act 2013.

Equal Remuneration Act 1976

Indian Penal Code

3.3 Your answer

In case an employer discriminates against the employees, shall amount to unfair labour practice within the meaning of Industrial Disputes Act 1947.

Prevention and redressal of complaints of sexual harassment of women are governed by Sexual Harassment of Women at Workplace (Prevention and Redressal) Act 2013 which provides for education on the subject and investigation of complaints. The Act envisages that the Employer formulates a Policy and also constitutes an Internal Complaints Committee. However, in case of smaller entities employing less than ten persons or even servants for domestic purposes, there is no requirement to have a policy or a Committee. In the event a complaint is received, the same would require to be referred to the Local Committee of the Government for its redressal.

Equal Remuneration Act 1976 prohibits an employer to discriminate between the male and female employees while fixing their wages and conditions of employment.

Even The Minimum Wages notification issued under The Minimum Wages Act also contain specific instructions that no employer will discriminate amongst the employees for paying minimum wages who are similarly placed.

Any unfair treatment and victimization of employees if amounts to an offence would be tried and punishable under Indian Penal Code.

4. Principle 4 - Forced Labor

4.1 Items to be covered by your answer

- Legislation on forced labor
- Laws on prison labor
- Legislation regulating the operation of labor brokers and other third party recruiters
- Laws relating to limits or prohibitions on recruitment fees and deposits workers may be required to pay

4.2 Applicable laws

Indian Penal Code.

Bonded Labour System (Abolition) Act, 1976.

4.3 Your answer

Forced labour is an offence and thus punishable under Indian penal Code.

The Bonded labour System (Abolition) Act 1976 is a legislation that provides for bonded labor, system with a view to prevent the economic and physical exploitation of the weaker section of the people. The Act provides for punishment of the employer who indulges in bonded labour system.

5. Principle 5 – Safe Work Environment

5.1 Items to be covered by your answer

- Requirements for provision of medical protection, such as availability of first aid kit, health & safety training, etc.
- Requirements to report accidents and injuries
- Requirements for personal protective equipment needed for using, handling, storing, or disposing of crop protection agents (CPA). This might vary depending on the CPA in question
- Restrictions on CPA use, handling, storing, or disposing. Most countries will have restrictions on vulnerable populations interacting with CPA (or prohibit this outright), such as persons under 18, pregnant women, nursing mothers, etc.
- Restrictions on farm equipment (such as maintenance and licensing for operators)
- Other legislation related to CPA, such as how and where they may be stored or transported; more explicit restrictions for specific CPA; weather conditions under which CPA may or may not be applied; and any other restrictions limiting contact or exposure with CPA
- Requirements related to providing drinking water and safe housing for workers
- Specific requirements if worker accommodation is provided

5.2 Applicable laws

The Plantation Of Labour Act 1951 which is applicable only to specified scheduled plantations provides for various requirements of providing safety. However, The Act does not provide for its applicability to Tobacco Plantations and no notification has been found whereby the Act has been made applicable to Tobacco Plantations.

There are not specific rules for tobacco activities.

5.3 Your answer (Not applicable)

6. Principle 6 – Freedom of Association

6.1 Items to be covered by your answer

- Laws on organizing unions and their operation (workers’ rights and employers’ obligations)
- Requirements for collective bargaining
- Prohibitions on union discrimination and employer interference in their operations
- Requirements that worker representatives be in place

6.2 Applicable laws

Trade Union Act 1926

Industrial Disputes Act 1947

6.3 Your answer

Trade Unions are recognized in India under the Trade Unions Act, 1926. A “Trade Union” means any combination, whether temporary or permanent, formed primarily for the purpose of regulating the relations between workmen and employers or between workmen and workmen, or between employers and employers, or for imposing restrictive conditions on the conduct of any trade or business, and includes any federation of two or more Trade Unions.

Under the Trade Union Act, 1926, any seven or more members of a Trade Union may, by subscribing their names to the rules of the Trade Union and by otherwise complying with the provisions of the Trade Union Act relating to registration, apply for registration of the Trade Union.

These Trade Unions can espouse the cause of its members who are employed in an Industry, establishment etc.

The Trade Union should be a representative body who are employed with an organisation, Industry.

Any interference or any act to scuttle the trade union activities of employees lawfully carried out by the Trade Union would amount to Unfair Labour Practice and results into prosecution of an employer.

The Collective bargaining is a concept which is promoted in the Indian Labour Law Jurisprudence and The Indian Courts. The same is enforced under The Industrial Disputes Act 1947.

7. Principle 7 – Compliance with the law

7.1 Items to be covered by your answer

- Legal requirements to constitute a labor/employment relation
- Laws and regulations on employment contracts (incl. necessity for written employment contracts, and if is not what are the grounds to consider the existence of a verbal employment agreement)
- Required content for written employment contracts
- Deadline for conclusion of the contract (e.g. on the date of hire or within 30 days of hire)
- Requirements for various types of contracts (indefinite term, definite term, temporary workers, probationary workers)
- Requirements for termination of employment (termination with or without cause, wrongful dismissal, notice periods required to end employment)
- Options for farmers to obtain legal assistance about their obligations (e.g. government department, local labor office, farmers association etc.)
- Specific requirements for leaf growing contracts (government imposed templates, government approval of contract, freedom to choose the terms of the contract)

7.2 Applicable laws

The Industrial Disputes Act 1947.

Shops and Establishment Act.

7.3 Your answer

The relation between Employer and Employee would primarily be governed by their contract of employment where under the rights and obligations of employer and employee would be provided. However, besides the contract of employment the relation of employer and employer would also be set out by way of settlements that may be collectively entered between employees represented by their Union / Representative body that would include on a periodical basis. The concept of settlement as a collective bargaining on the terms and conditions of the employment are duly recognized by the Courts and have even been given supremacy over the judicial awards. The Indian Labour Law is not completely codified and have been developed by way of legal pronouncements. The long term settlements remain fundamental to the quality of relationship between the employer and its employees. However, in most of the organisations particularly in small, medium and the newly formed IT and Telecom and similarly placed Industries, the concept of Trade Unions are yet to get introduced in India.

There is no concept of verbal contracts in India. However, there may be certain customs and practices that may be in place for long and could in effect become the

condition of employment that would require to be implemented and withdrawal of the benefits and facilities may not be permitted. However, GPI has shared opinion of the external counsel that indicates that in case of casual workers written contracts are not required.

Contents of employment contracts would primarily require the position, the salary and benefits, probation period, retirement age or duration of employment if it is on casual basis, transferability clause etc.

As regards termination of the contracts the same would be possible only if the same is for a temporary specified period and assignment. However, the termination of employment at will is not available where the employees are employed in Workman category i.e blue collared employees.


The contracts can be drafted differently for different kind of employees like permanent basis, temporary and casual basis etc. However, probation could form part of every employment on permanent or reasonable duration of contracts i.e to test the suitability of the employment of employees and can be incorporated in the same contract and not separately otherwise.

Clause related to termination could be with or without cause. In respect of terminations without cause, the same is not available for blue collared employees but the clause could be incorporated in the contracts as would be required in case of certain contingencies like medical grounds etc and notice could be from one month to three months etc. The process as regards the termination with cause, the same will vary from state to state and in various states while treating the employments in establishment and governed by The Shops and Establishment Act of that particular state, where the termination of employment has to be preceded by a domestic enquiry when the employee would require to be granted opportunity to present his/ her defence to the charges leveled against him/ her.

In case of a grievance of an employee the employee in agricultural activities, he / she can approach to Labour Department and then to Industrial Tribunal/ Labour Courts.

There is no specific requirement for having a specific template of contracts for such employments. However, there are some specific templates under The Shops and Establishment Act, however an employer usually uses a better template on its own fulfilling the requirements as contained therein.


Appendix IV - Communication materials



ముఖ్య ఉద్దేశము

క్రమక్రమంగా భారతకార్మికులను నియోగిస్తూ, కూలీలను నియమించడం నివారించే మరణానికి సురక్షితమైన సమస్యలను పరిష్కరించే అంశాలను కల్పించడం ALP యొక్క ముఖ్య ఉద్దేశం.

ఈ ప్రకటన కార్మికులకు కృతజ్ఞతను తెలియజేస్తుంది. ఈ కృతజ్ఞత ప్రకటనలో ప్రకటించిన వాటిని అనుసరించడం ద్వారా కార్మికులకు మేలు చేసే అంశాలను తెలియజేస్తుంది. ఈ కృతజ్ఞత ప్రకటనలో ప్రకటించిన వాటిని అనుసరించడం ద్వారా కార్మికులకు మేలు చేసే అంశాలను తెలియజేస్తుంది.



వ్యవసాయ కార్మికుల పద్ధతులు
AGRICULTURAL LABOR PRACTICES

1. బాల కార్మికుల నిర్మూలన
బాల కార్మికులు ఎవరూ ఉండరాదు

2. ఆదాయం మరియు పని గంటలు
మరియు పని గంటలు

3. వ్యాయంగా వ్యవహారం

4. బాల కార్మికుల నిర్మూలన

5. ఆదాయం మరియు పని గంటలు

6. బాల కార్మికుల నిర్మూలన

7. వ్యవస్థాపన అనుసరించే సమయం

8. బాల కార్మికుల నిర్మూలన

9. మరణానికి సురక్షితమైన పని పాఠశాల

10. మరణానికి సురక్షితమైన పని పాఠశాల

6. ఒక సంఘంగా చేరే స్వేచ్ఛ

7. వ్యవస్థాపన అనుసరించే సమయం

8. ఒక సంఘంగా చేరే స్వేచ్ఛ

GPI-FARMERS WITH FIRST AID KIT


పాట్ల పొడు

ఏదైనా గాయాల తగిలితే ప్రథమ చికిత్సకు సంప్రదించవలసిన సంఖ్యలు

| | |
|------------------|------------------|
| 1. B. [redacted] | 4. P. [redacted] |
| 2. N. [redacted] | 5. J. [redacted] |
| 3. D. [redacted] | 6. P. [redacted] |

చికిత్సపర పరిస్థితులలో 108 కి ఫోన్ చేయండి

Appendix V – Prompt Action Reporting and Verification forms


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ALP Incident/Issues Form
(for other ALP Principles)

| | | |
|-------------------|--|-----------------------------|
| Farmer: | | Date of visit: 22-11-17 |
| Farmer's Address: | | Time: 11:30 AM |
| Leaf Technician: | | ALP Agreement: Principles 1 |

Incident is related to what ALP principle? safe working Environment

Description of Incident/ Issue:

నెను visit కి వెళ్ళినప్పుడు కైల తన వారు PPE kit దరఖాస్తు ఫర్మ్ మూడు కేటగిరి చేశారు.

Root Cause Analysis:

వారు PPE kit దరఖాస్తు తర తయారీ చేశారు. కైల నెను వారి వారు PPE kit దరఖాస్తు ముగియించిన చెప్పారు.

PROMPT Action Taken:

SPRAY తర, కైల PPE kit నెను కైల దారు తర spray చేశారు మన తరగిల్లి వెళ్ళినప్పుడు తర కైల కైల PROMPT ACTION RAISE చేశారు PPE kit దరఖాస్తు ముగియించిన ముగియించిన spray చేశారు.

Follow up visit/ Date of closure of prompt action: : 2-11-17

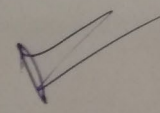
నెను visit కి వెళ్ళినప్పుడు కైల PPE దరఖాస్తు ఫర్మ్ మూడు కేటగిరి చేశారు.

Farmer Commitment:

వారు కైల ఫర్మ్ మూడు కేటగిరి చేశారు PPE దరఖాస్తు ముగియించిన చెప్పారు కైల మూడు.


Leaf Technician Signature

Farmer Signature



55/1

ALP - Related Incidents Sheet - Child Labor



Farmer's Name: _____

Date and Time of Visit: _____

| INITIAL INFORMATION | | | | | |
|---------------------------------------|---|--|----------------------------------|---|-----------------------------|
| Is it a school day? | YES <input checked="" type="checkbox"/> | NO <input type="checkbox"/> | How many children are involved? | 1 | |
| Is it school hours? | YES <input checked="" type="checkbox"/> | NO <input type="checkbox"/> | Is the farmer aware about ALP? | YES <input checked="" type="checkbox"/> | NO <input type="checkbox"/> |
| Do children receive monetary payment? | YES <input type="checkbox"/> | NO <input checked="" type="checkbox"/> | Are the workers aware about ALP? | YES <input checked="" type="checkbox"/> | NO <input type="checkbox"/> |

Activities which involved children: (Check which task/s is/are being done by child/children during the visit.)

| | | |
|---|---------------------------------------|--|
| <input type="checkbox"/> Seedbed Management | <input type="checkbox"/> CPA Spraying | <input type="checkbox"/> Loading/Unloading |
| <input type="checkbox"/> Land Preparation | <input type="checkbox"/> Weeding | <input type="checkbox"/> Curing |
| <input checked="" type="checkbox"/> Transplanting | <input type="checkbox"/> Topping | <input type="checkbox"/> Grading/baling |
| <input type="checkbox"/> Cultivation | <input type="checkbox"/> Harvesting | <input type="checkbox"/> Domestic Tasks |
| <input type="checkbox"/> Fertilization | <input type="checkbox"/> Sorting | <input type="checkbox"/> Farm Gardening |
| <input type="checkbox"/> CPA Preparation | <input type="checkbox"/> Stitching | <input type="checkbox"/> Others: |

| CHILD/CHILDREN PROFILE | | | | | |
|------------------------|-----|------------------------|-------------------------------------|----|--|
| Child | Age | Relationship to Farmer | Attending School? | | Number of Hours of Involvement to Activity/ies |
| | | | YES | NO | |
| 1 | 15 | తండ్రి కుమార్తె | <input checked="" type="checkbox"/> | | 1 hour |
| 2 | | | | | |
| 3 | | | | | |
| 4 | | | | | |
| 5 | | | | | |
| 6 | | | | | |

NATURE OF INCIDENT:
Describe in detail the nature of the incident: (root cause, farmers' feedback, action plan, farmers' awareness on Child Labor and ALP Principles) *నాను ఆ వారి విజ్ఞానం అధికం అని అనిపించింది*

ACTION TAKEN:
Describe PROMPT ACTION taken during visit: *నాను ALP గురించి అవగాహన చేయించి, రైతుకి అవగాహన చేయించింది నాను అని అనిపించింది రైతుకి అవగాహన చేయించింది*

FOLLOW-UP VISIT: 6/9/17 Date: 08.09.17
Result of action plan and findings: *నాను అవగాహన విజ్ఞానం ఆ వారి అనిపించింది*

URGENT OBSERVATIONS RELATED TO OTHER ALP PRINCIPLES:
State the observation and tell which particular ALP Principle is concerned:
NO

PROOF OF COMMITMENT

I hereby, acknowledge that the Field Technician visited and relayed the incident to signify my commitment to work on the action plans suggested.

Farmer's signature over printed name: _____

Name: _____

Date: _____

Appendix VI – Monitoring forms

GODFREY PHILLIPS INDIA LIMITED, VINUKONDA

GODFREY PHILLIPS INDIA LIMITED

Farmer Name : _____

Farmer ID : _____

Crop Stage : T _____

O 1. Has the farmer hired children below the age of 15 for working in the farm ?
 15 సంవత్సరాలలోపు వయస్సు గల పిల్లలను రైతు తన పొలంలో పని చేయడానికి పెట్టుకొంటున్నాడా ?
 (a) Yes [] (b) No [✓] (c) NA []

F 2. Has the farmer trained the workers on light and hazardous works ?
 రైతు పనివారికి తేలికపాటి మరియు హానికరమైన పనులపై శిక్షణ ఇచ్చాడా ?
 (a) Yes [✓] (b) No [] (c) NA []

O 3. Does the farmer engage children below the age of 18 in hazardous works ?
 తన పొలంలో హానికరమైన పనులు చేయడానికి 18 సం॥ వయస్సులోపు పిల్లలని రైతు నియమించుకుంటున్నాడా ?
 (a) Yes [] (b) No [✓] (c) NA []

O 4. Does the farmers own children aged between 13 to 17 do only light works in the farm ?
 13-17 సంవత్సరాలు వయస్సు ఉన్న రైతు సొంత పిల్లలు పొలము నందు తేలికపాటి పనులను మాత్రమే చేస్తున్నారా ?
 (a) Yes [] (b) NO, Children are not involved in any type of work [] (c) NA [✓]

W 5. Does the farmer use bond, debt or threat to engage workers in his farm ?
 రైతు బాండు, రుణం లేదా బెదిరింపు చర్యలతో తన పొలము నందు పని చేయుటకు కూలీలను నియమించుకొంటున్నాడా ?
 (a) Yes [] (b) No [✓] (c) NA []

F 6. How does the farmer engage workers ?
 రైతు తన పొలము నందు పని చేయుటకు అవసరమగు కూలీలను ఏ విధంగా నియమించుకొంటున్నాడు ?
 (a) Directly [] (b) Crew leader [] (c) Barter system (d) [] a+c

W 7. How does the farmer pay workers ?
 రైతు పనివారికి వేతనాలు ఏ విధంగా చెల్లిస్తున్నాడు ?
 (a) Directly [] (b) Crew leader [] (c) Barter system (d) [] a+c

W 8. Are workers free to leave their employment at any time with giving prior notice to the farmer ?
 పనివారు ఏ సమయంలోనైనా రైతుకి ముందుగా చెప్పి, నోటీసు ఇచ్చి తమ పనిని వదిలి వెళ్ళే స్వేచ్ఛ కలదా ?
 (a) Yes [✓] (b) No [] (c) NA []

W 9. Does the worker make any financial deposits with the farmers ?
 రైతుల వద్ద పనివారు ఏ విధమైన ఆర్థికపరమైన డిపాజిట్లు చేస్తున్నారా ?
 (a) Yes [] (b) No [✓] (c) NA []

W 10. Is the farmer withholding the payment of workers beyond legal and agreed terms ?
 కూలీలకు ఇచ్చే వేతనాలను, చట్ట బద్ధమైన మరియు సమిష్టి ఒప్పంద షరతులను అతిక్రమించి రైతు తన వద్ద ఉంచుకుంటున్నాడా ?
 (a) Yes [] (b) No [✓] (c) NA []

W 11. Does the worker keep any original documents with the farmer ?
 రైతు దగ్గర పనివారు తమ ఒరిజినల్ గుర్తింపు పత్రాలను ఉంచుతున్నారా ?
 (a) Yes [] (b) No [✓] (c) NA []

W 12. Does the worker keep any valuables with the farmer ?
 పనివారు తమ విలువైన వస్తువులను రైతు దగ్గర పెడుతున్నారా ?
 (a) Yes [] (b) No [✓] (c) NA []

W 13. Does the farmer engage prison/compulsory labor in his farm ?
 ఖైదీలచేతకాని లేదా పనివారిని నిర్బంధించికాని , రైతు తన పొలంలో పని చేయించుకుంటున్నాడా ?
 (a) Yes [] (b) No [✓] (c) NA []

- F 14. Does the farmer train the workers/people working on the farm on health and safety ?
 పొలంలో పని చేసే వారికి లేదా కూలీలకు ఆరోగ్యం మరియు భద్రత వంటి వాటిపై రైతు శిక్షణ ఇచ్చాడా ?
 (a) Yes [✓] (b) No [] (c) NA []
- W 15. Does workers have access to breaks, clean drinking water and washing water close to where they work?
 పనివారికి విరామాలు , శుభ్రమైన త్రాగునీరు, వాడుకొనేందుకు నీరు పని ప్రదేశంలో రైతు కల్పించాడా ?
 (a) Yes [✓] (b) No [] (c) NA []
- W 16. Does accommodation provided to the workers is clean, safe , meeting the basic needs of workers and conforms to country 's laws?
 వలస కూలీలకు, కల్పించే వసతి సురక్షితంగా, శుభ్రంగా మరియు పని వారి కనీస అవసరాలను తీర్చే విధంగా దేశ చట్టాలకు అనుగుణంగా రైతు సమకూర్చుతున్నాడా ?
 (a) Yes [] (b) No [] (c) NA [✓]
- O 17. Does the farmer physically abuse any worker or their family members during the work?
 రైతు పనివారిని లేదా వారి కుటుంబ సభ్యులను పని సమయంలో శారీరకంగా వేధిస్తున్నాడా ?
 (a) Yes [] (b) No [✓] (c) NA []
- W 18. Is any kind of inconvenience(sexual abuse or harrasement) caused to you and your family members by the farmer?
 రైతు, మిమ్మల్ని లేదా మీ కుటుంబ సభ్యులను లైంగికంగా వేధిస్తున్నాడా ?
 (a) Yes [] (b) No [✓] (c) NA []
- W 19. Would you want to work with this farmer again?
 మీరు (కూలీలు) ప్రస్తుతం పని చేస్తున్న రైతు పొలంలో మరలా పనికి రావడానికి ఇష్టపడుతున్నారా ?
 (a) Yes [✓] (b) No [] (c) NA []
- O 20. Does the farmer verbally abuse worker or their family members?
 రైతు, పని వారిని లేదా వారి కుటుంబ సభ్యులను తిట్టడం లేదా ధూషించడం చేస్తున్నాడా ?
 (a) Yes [] (b) No [✓] (c) NA []
- O 21. Does the farmer show any kind of discrimination to workers?
 రైతు కూలీల పట్ల ఎలాంటి వివక్షనైనా(భేదం) చూపిస్తున్నాడా ?
 (a) Yes [] (b) No [✓] (c) NA []
- W 22. Does the workers have access to an independent , anonymous support mechanism?
 గుర్తింపు బయట పెట్టని ఫిర్యాదుల పరిష్కార వ్యవస్థ పనివారికి అందుబాటులో ఉందా ?
 (a) Yes [] (b) No [✓] (c) NA [✓]
- W 23. Does the farmer interfere in your(workers) rights to form groups or associations?
 మీరు ఒక సంఘంగా ఏర్పడే స్వేచ్ఛా హక్కులో రైతు జోక్యం చేసుకొంటున్నాడా ?
 (a) Yes [] (b) No [✓] (c) NA []
- W 24. Are you (workers) free to form associations?
 మీ పనివారందరూ ఒక సంఘంగా ఏర్పడే స్వేచ్ఛా ఉందా ?
 (a) Yes [✓] (b) No [] (c) NA []
- W 25. Can you (workers) bargain collectively in groups?
 మీ పనివారందరూ ఒక సంఘంగా చేరి సమిష్టిగా బేరసారాలు సాగిస్తారా ?
 (a) Yes [✓] (b) No [] (c) NA []
- W 26. Are workers representatives discriminated to carry their representative functions in workplace?
 విధులను స్వేచ్ఛగా నిర్వహించడంలో పనివారి మేష్ట్రీ (ప్రతినిధుల) పట్ల రైతు బేధం చూపిస్తున్నారా ?
 (a) Yes [] (b) No [✓] (c) NA []
- W 27. Does work hours of worker exceed 36 hours per week?
 మీ పనివారందరికీ నిర్దేశించిన పని గంటలు వారానికి 36 గంటలు మించి వుంటున్నాయా ?
 (a) Yes [] (b) No [✓] (c) NA []
- F 28. Does the farmer pay wages to workers that meet relevant wage standards?
 మీరు (రైతు) స్థానిక స్థితి గతులను అనుసరించి కూలీలకు వేతనాలు చెల్లిస్తున్నాడా ?
 (a) Yes [✓] (b) No [] (c) NA []

BMD M:- 200
 W:- 150

29. Does the farmer pay the workers regularly?
 రైతు పనివారికి వేతనాలు సకాలంలో చెల్లిస్తున్నాడా ?
 (a) Yes [] (b) No [] (c) NA []

W 30. How regularly does the farmer pay workers?
 రైతు మీ పనివారందరికీ వేతనాలు ఎప్పుడు చెల్లిస్తున్నాడు ?
 (a) Daily [] (b) Weekly [] (c) End of the work [] (d) End of the season (e) NA *Bother / Steady*

W 31. Do the workers receive the benefits, holidays and leave to which they are entitled by law?
 మీ పనివారందరికీ దేశపు చట్టాలను అనుసరించి మీకు వర్తించే సెలవులు, ప్రయోజనాలు పనిలో పొందుతున్నారా ?
 (a) Yes [] (b) No [] (c) NA []

W 32. Does the workers work overtime voluntarily?
 మీరు అధికంగా పనిచేసే గంటలు మీ ఇష్ట పూర్వకంగానే పని చేస్తున్నారా ?
 (a) Yes [] (b) No [] (c) NA []

W 33. Does the farmer pay overtime wages at a premium as required by the law or applicable collective agreement?
 రైతులు కూలీలకు అధిక పని గంటల వేతనాలు దేశపు చట్టాలకు లేదా సమిష్టి ఒప్పందానికి అనుగుణంగా ప్రీమియం రేటులో చెల్లిస్తున్నాడా ?
 (a) Yes [] (b) No [] (c) NA []

W 34. Are Workers informed of their legal rights when they start work?
 పని మొదలు పెట్టినప్పుడు కూలీలకు తమ చట్టపరమైన హక్కులను గురించి రైతు తెలియచేసాడా ?
 (a) Yes [] (b) No [] (c) NA []

F 35. Are Workers informed of conditions of employment when they start work?
 పని మొదలు పెట్టినప్పుడు పనికి సంబంధించిన షరతుల గురించి కూలీలకు రైతు తెలియచేసాడా ?
 (a) Yes [] (b) No [] (c) NA []

F 36. Does the farmer provide any written agreement to worker?
 రైతు లిఖిత పూర్వకమైన పని ఒప్పంద పత్రాన్ని కూలీలకు అందచేసాడా ?
 (a) Yes [] (b) No [] (c) NA []

O 37. Are the terms in employment contract contravening with the country's law?
 పని ఒప్పంద పత్రంలో నిబంధనలు దేశపు చట్టాలను అతిక్రమిస్తున్నాయా ?
 (a) Yes [] (b) No [] (c) NA []

WORKER SIGNATURE

[Handwritten signature and purple ink smudges]

REMARKS (Issues other than prompt actions) :

22) ఈ సమస్యలను తగిన అధ్యయనం చేసి పరిష్కారం చేయాలి.

Appendix VII – Initiative inputs provided by GPI

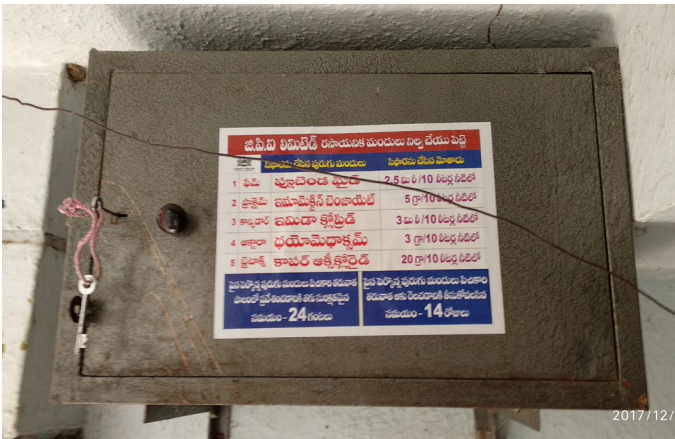
1. PPE for CPA and GTS



2. First Aid Kits



3. CPA storage box



4. CPA collection bin



Appendix VIII – Glossary

| | |
|-----------------------|---|
| ALP Code Principle | Short statements that set expectations of how the farmer should manage labor on his/her farm in seven focus areas |
| ALP Code | PMI's Agricultural Labor Practices Code |
| ALP Program | Agricultural Labor Practices Program |
| ALP | Agricultural Labor Practices |
| ASA | After-school activities |
| Casual labor | Temporary worker hired for a short period of time at different farms |
| CPA | Crop Protection Agents |
| CSR | Corporate Social Responsibility |
| CU | Control Union |
| FT | Field technician |
| GAP | Good Agricultural Practices |
| GPI | Godfrey Phillips India Ltd. |
| GTS | Green Tobacco Sickness |
| INR | Indian rupee |
| KPI | Key Performance Indicator |
| Leaf tobacco supplier | Company that has a contract with PMI to supply tobacco but is not a farmer |
| Measurable Standard | A Measurable Standard defines a good labor practice on a tobacco farm and helps determining to what extent the labor conditions and practices on a tobacco farm are in line with the ALP Code Principles |
| NGO | Non-Governmental Organization |
| Piece rate | Payment at a fixed rate per unit of production/work |
| PMI | Philip Morris International, Inc. or any of its direct or indirect subsidiaries |
| PPE | Personal Protection Equipment |
| Prompt Action | A situation in which workers' physical or mental well-being might be at risk, children or a vulnerable group – pregnant women, the elderly - are in danger, or workers might not be free to leave their job |
| STP | Sustainable Tobacco Production |
| RO | Reverse Osmosis |