



# EXTERNAL ASSESSMENT PHILP MORRIS PAKISTAN LIMITED

Flue Cured Virginia farmers in Swabi and Mardan



Agricultural Labor Practices Program

August, 2019

## Table of Content

<b>Executive summary</b> .....	<b>3</b>
<b>Market and company background</b> .....	<b>7</b>
<b>1. Implementation of the ALP Program</b> .....	<b>9</b>
1.1. Commitment to the ALP Program.....	10
1.2. Strategy and objectives.....	10
1.3. Internal capacity .....	11
1.4. Communication of the ALP Code requirements to farmers .....	15
1.5. Internal monitoring: data collection, accuracy, and addressing issues .....	19
1.6. Address systemic and/or widespread issues .....	22
<b>2. Farm-level assessment of working conditions regarding the ALP Code Standards</b> .....	<b>26</b>
2.1. ALP Code Principle 1: Child labor.....	27
2.2. ALP Code Principle 2: Income and work hours .....	29
2.3. ALP Code Principle 3: Fair treatment.....	31
2.4. ALP Code Principle 4: Forced labor .....	33
2.5. ALP Code Principle 5: Safe work environment .....	34
2.6. ALP Code Principle 6: Freedom of association .....	37
2.7. ALP Code Principle 7: Terms of employment.....	38
<b>3. ALP Program: feedback from farmers, workers, and other stakeholders</b> .....	<b>39</b>
<b>4. Appendices</b> .....	<b>41</b>
Appendix I – PMPKL Action Plan .....	42
Appendix II – Scope and methodology .....	51
Appendix III – Legal information .....	56
Appendix IV – Communication materials.....	79
Appendix V – Glossary .....	86



# EXECUTIVE SUMMARY



**EXTERNAL ASSESSMENT**  
Flue Cured Virginia farmers in Swabi and Mardan

In June 2019, Philip Morris International (PMI) requested Control Union to conduct an external assessment of the Flue-Cured Virginia (FCV) tobacco growing operations of its supplier PMPKL in the regions of Mardan and Swabi in Pakistan. The assessment evaluated the labor practices at PMPKL contracted tobacco farms, and whether these were meeting the standards of the Agricultural Labor Practices (ALP) Code<sup>1</sup>. Control Union (CU) also evaluated PMPKL's internal structure and capacity to implement the ALP Program, the understanding of farm practices, and how issues were being identified, recorded and addressed.

As part of this assessment CU interviewed 10 PMPKL management employees, 3 PMI Regional employees, 23 PMPKL field employees (15 junior agronomists, five field technicians, two agronomists, and the Supervisor Green Leaf Production) and five external stakeholders (NGOs) involved in the implementation of PMPKL's initiatives to address widespread issues at farms. Over a three-week period, CU visited 45 farms<sup>2</sup> throughout the Swabi and Mardan regions, and interviewed 45 farmers, 37 family members and 110 external workers. Most of these farms were small-scale, growing three hectares of tobacco on average. All but one of the farm visits were unannounced (44 farms, 98%).

Information triangulation was adopted to evaluate farm practices. The three sources included interviews, documentation and observation, together with a "Five Whys" problem analysis. The "Plan, Do, Check, Act" cycle was used to analyze PMPKL's management approach.

PMPKL first introduced the ALP Program in 2011 with an internal training provided by the ALP Coordinator at that time. More recently, the company had adopted PMI's Step-Change approach

and focused its efforts on the ALP Principles of Child Labor, Income and Working Hours, and Safe Work Environment. In late 2018 the organizational structure for ALP implementation had been changed, with additional capacity created to enforce the program on the ground.

PMPKL management demonstrated an adequate understanding of the ALP Code. The same was found for the junior agronomists (who were responsible for the day-to-day implementation of ALP at the farms), except for some knowledge gaps related to principles one, two, five and seven. The junior agronomists and field technicians (who assisted the junior agronomists) were trained regularly and had to take yearly written exams on ALP.

PMPKL communicated ALP-related topics to farmers mainly via workshops and regular farm visits by the field team. In addition, the company had developed and distributed several communication materials on ALP, including posters and booklets in the local language, Urdu. Awareness of the ALP Program was found to be relatively high among farmers (except regarding Principle 7) but low among family members and external workers.

At the time of the assessment PMPKL was collecting three types of ALP-related data from the farms: socio-economic information (Farm Profiles); situations not meeting the standard (Monitoring); and Prompt Actions. All data were collected using paper forms, which was not always conducive to achieving data quality. PMPKL was planning to pilot a digital data collection system in summer 2019.

Data for the Farm Profiles was collected at the beginning of the contracting period and updated at the end of the crop season. For 26 farms (58%) CU found the profiles to be incomplete; in most cases

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 43 farms, which is calculated as the square root of the total number of farms within the scope (approximately 1850 at the time of the assessment), assuming a minimum sample size of 43 to constitute a meaningful sample.



(61%) the missing information was related to farm tasks. When comparing the profiles to actual farm situations, CU found that in 22 cases (49%) the recorded information did not fully correspond to the situation observed at the farm.

Situations not meeting the standard were not monitored during the season, but data was collected at the end of the season as part of an end-of-year farm evaluation. For only 13 farms (29%) the 'monitoring' section in the Farm Profile form had been filled in by the junior agronomists, and in many of these cases the data reported as meeting the standard did not match with the farm situation observed by CU. In general, CU identified a lack of awareness among management staff and junior agronomists on the importance of monitoring for ALP implementation.

At the time of the assessment PMPKL had reported 44 Prompt Actions for the 2019 crop season (26 on Child Labor and 18 on Safe Work Environment). All junior agronomists interviewed by CU were aware of the Prompt Action reporting procedure, but there was some confusion about the deadline for closing Prompt Actions and also about the meaning of Prompt Actions. Nine of the farms where Prompt Actions had been raised were visited by CU, and for eight of these the Prompt Action had already been closed at the time of the visit. However, in two of these cases the Prompt Action was still occurring on the farm, with the farmers in question saying that they were unaware that a Prompt Action had been raised on their farm.

As of 2019, root cause analysis was part of the Prompt Action procedure. However, CU found that the analyses done so far only identified immediate causes, rather than underlying causes. As a result, the action plans were not adequately addressing the issues in question, which increased the risk that the issue would reoccur in the future.

Based on their risk assessment, PMPKL had launched several initiatives to address widespread and systemic issues. Seven of these initiatives directly or indirectly targeted child labor, by providing

summer schools and kids roadshows, computer literacy classes, technical skills trainings, clipsticks for stringing, household education on personal hygiene and tobacco production-related hazards, and stringing machines. Other initiatives focused on safe working environment (providing CPA storage boxes and PPE sets for CPA application and handling green tobacco) and terms of employment (providing farmer-worker agreement templates).

The main findings from CU's farm visits were related to child labor, income and work hours, safe work environment, and compliance with the law.

Evidence of child labor was found on nine farms (20%), involving a total of 31 children. No evidence of child labor was found on farms where Prompt Actions regarding child labor had previously been raised and closed, nor on farms where children were or had been participating in one of the company's initiatives targeting child labor.

Regarding income and work hours, among the 42 farms with hired labor CU found five farms (12%) where at least one worker was not receiving the minimum wage set by PMPKL. End-of-season payment was common practice on twenty-six farms (62%). On two farms (5%) workers were found to be working more than eight hours a day, seven days a week. On nine farms (21%) at least one worker did not receive one day off per week.

Regarding safe work environment, CU's main findings were related to CPA storage, awareness of GTS, PPEs usage and working at heights. The latter had not been defined as an issue by PMPKL, but was identified by CU as a safety risk on many farms.

Regarding terms of employment, CU found that more than half of the farmers with hired labor did not inform their workers on their legal rights, nor used written agreements. However, the majority of farmers who had received PMPKL's agreement template had entered into written agreements with their workers. In general, temporal workers were far less likely to have a written agreement than permanent workers.

Together with an NGO, PMPKL had set up a support mechanism for farmers and their workers. The support mechanism was found to be complete, able to capture grievances anonymously and inclusive of women and local cultural norms. Most of the farmers visited by CU were aware of the mechanism, but most of their workers were not.

According to the feedback received by CU from farmers, workers and family members, fewer children were involved in tobacco production since the start of the ALP Program. Interviewees also reported improved farm work safety as more people were using PPE, and improved farmer-worker relationships.

This assessment has some limitations. Due to local cultural norms, it was not possible for CU auditors to interview any female workers or female family members during the farm visits, nor to enter family premises where women were present, also where they performed tobacco-related tasks such as stringing, grading or bailing. It is acknowledged that the exclusion of women from the interview sample has limited CU's ability to access information and identify, within the households, any situations not meeting the standard.

The outcome of this assessment can be used as a tool to facilitate management with continuous improvement. CU acknowledges PMPKL'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



**EXTERNAL ASSESSMENT**  
Flue Cured Virginia farmers in Swabi and Mardan

Pakistan ranks in the top five of tobacco producing countries worldwide. In 2018 the country had almost 46,000 hectares under tobacco cultivation, resulting in a production of 106,000 tons of tobacco. Flue-cured Virginia (FCV) is the main cultivar (64% of total production in 2018, i.e. 68,000 tons) and is grown in the Swabi, Mardan and Charsadda plains as well as in the Buner and Masehra submontane areas. More than half of the FCV production originates from Swabi, which together with Mardan formed the scope of this assessment.

The Pakistani tobacco market is dominated by a few international players, followed by a number of local manufacturer and traders. In 2010 Philip Morris International (PMI) acquired Lakson Tobacco Company Limited and began operating in Pakistan under the name Philip Morris Pakistan Limited (PMPKL). Shortly after, the company started implementing the ALP program in in the regions of Swabi, Mardan and Charsadda.

PMPKL has a strong presence in all regions with offices in Shergarh, Jamal Garhi, Yar Hussain, Charbah and Lahor, and a large processing plant in Mardan. From 2018 onwards, all tobacco purchases are taking place at this plant to streamline operations and facilitate the selling process for farmers.

At the farm level, tobacco represents the fourth major crop cultivated, after wheat, maize and sugarcane. The Pakistan Tobacco Board (a governmental institution) regulates, controls and promotes tobacco exports and sets grading standards and tobacco prices for the country. During the five years preceding this assessment, tobacco prices in Pakistan have steadily increased. Thanks to the regulated market and stable pricing of the crop, tobacco represents an important source of income for many farmers and their families.

For the 2019 crop season, PMPKL had contracts with 2,047 FCV farms across Pakistan. Around 1,850 of these farms were included in the scope of this assessment. Most were smallholder farms, averaging three hectares under tobacco production, with some larger commercial farms growing more than 15 hectares of tobacco. At the time of this assessment, PMPKL's operational team consisted of four agronomists, 29 junior agronomists and 25 field technicians.



## Chapter 1

# IMPLEMENTATION OF THE ALP PROGRAM



**EXTERNAL ASSESSMENT**  
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## 1.1. Commitment to the ALP Program

As an affiliate supplier of PMI, PMPKL had adopted PMI's global commitment to improve labor practices and progressively eliminate child labor in tobacco production. Sustainable tobacco production was implemented locally via the Integrated Production System (IPS) policy, which covered the implementation of the ALP Code and Minimum living wage as part of the social commitments. Local policy documents for ALP implementation had been reviewed and signed by PMPKL's Head of Leaf for 2019. Organizational capacity for ALP implementation was in place, with the current structure adopted in late 2018. The company's field and management personnel showed commitment to and awareness of the ALP program, and acknowledged the importance and relevance of the ALP Code requirements in terms of maintaining good working conditions at the farms contracted by PMPKL. The company had allocated budget for the implementation of ALP-related initiatives in the 2019 crop season, aimed at addressing widespread and systemic issues at the farms (see Chapter 1.6).

## 1.2. Strategy and objectives

At the time of this assessment, PMPKL had adopted PMI's Step-Change approach, focusing its efforts on three ALP Code Principles: Child Labor, Income and Working Hours, and Safe Work Environment. For the 2019 crop year, PMPKL's strategy and objectives for these principles included the following KPIs and associated targets:

- No farmers involving children in hazardous activities by 2022
- All hired workers to be paid minimum wage by 2022
- All accommodations provided by farmers to workers are safe and clean by 2020
- All farmers and workers have access and use personal protection equipment (PPE) for

application of crop protection agents (CPA) and avoidance of Green Tobacco Sickness (GTS) by 2020

Progress on achieving these targets was tracked throughout the year in 2019, and intermediate targets had been defined for the following years. Progress on targets was assessed and calculated as a percentage score using a defined methodology.<sup>3</sup>

PMPKL conducted a yearly risk assessment to rate the risks associated with the ALP Measurable Standards. Each risk was given a score according to its likelihood to occur and its severity, considering the number of Prompt Actions raised in the previous year and personal judgement of ALP Coordinator. Based on its score, each risk was categorized as either Unacceptable, Tolerable, Adequate or Acceptable. For risks classified in the first three categories, PMPKL had a mitigation plan in place, including remedial action, deadline for action implementation, people responsible for implementation, and the expected risk category after termination of the mitigation plan.

The company's risk assessment for 2019 had been conducted by junior agronomists, who had identified the main risks to be related to child labor, income and working hours (particularly with regard to minimum wage for women and end-of-season payment) and safe work environment (particularly with regard to PPE use, workers' accommodations, and observance of re-entry periods after CPA application). While CU found these risks all to be adequately categorized, there were several issues rated 'acceptable' by PMPKL which did not correspond to CU's farm findings. These were related to the following measurable standards:

- Wages as per law for workers, with regular work hours not exceeding 48 hours a week
- Overtime payments to workers paid at premium
- Workers being able to freely leave employment when willing to

3. Progress on target achievement was expressed in percentages and calculated as the sum of farmers meeting the standard plus farmers with whom actions plans had been agreed to meet the standard, divided by the total number of farmers contracted for the year.



- Farm safety: Safe working at heights
- Adequate washing facilities at tobacco farms
- Written agreements between workers and farmers

**PMPKL's response:**

*"The "ALP Risk Assessment" document will be reviewed to include updated mitigation plan for the risks mentioned in the audit observation.. This revision will be conducted in Q1 2020 and will be updated annually by the Manager Social Sustainability. Additionally, this document will also be reviewed by the Country Steering Committee. Communication to field teams and discussions on the updated risk assessment will be held before the start of the crop season 2020. Internal monitoring of these risks and external third party verification will be also conducted to verify the risks identified in the assessment"*

**PMPKL's response:**

*"The Manager Social Sustainability and the Manager Agronomy and Production will ensure that 100% of the Agronomists and junior agronomists are trained. The program will start in Q1 2020 with the recording of appropriate root causes including complete details and assessments post training to reinforce learning.*

*Random check of Prompt Actions in each crop stage by a third function will be conducted to verify that the root causes are addressed through the right corrective action. Additionally, an analysis will be conducted by Manager Social Sustainability on the effectiveness of the actions taken based on the root causes identified during the Prompt Actions reporting process"*

As of 2019, root cause analysis was part of the Prompt Action process. At the time of this assessment, root cause analysis had been conducted for all Prompt Actions identified so far this year. However, CU found that none of these analyses were adequate, since they only described the immediate cause of the problem reported. Examples of reported root cause analysis were "School holidays" for involving children in hazardous work, or "PPEs kits forgotten", for not using protective equipment. Furthermore, the identification of root cause analysis as part of the Prompt action process was not included in PMPKL internal procedures describing identification, issuance, follow ups and responsibilities with regards to Prompt actions.

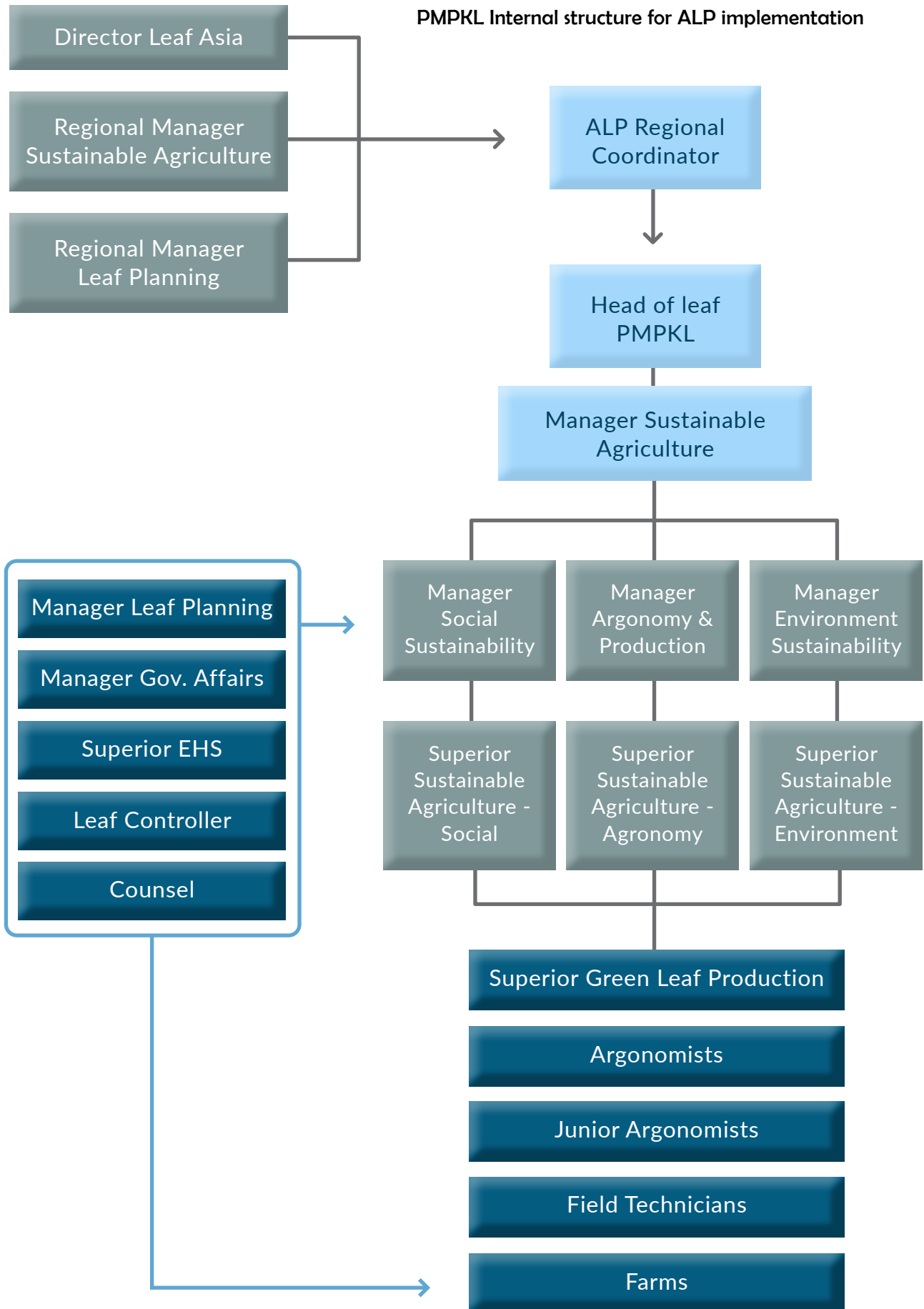
As a result, the action plans agreed with the farmers were not addressing the real cause of the Prompt Action situation, increasing the risk of recurrence. This also impacts the calculated progress on target achievement, which assumes that farmers with whom action plans have been agreed will all be meeting the standard afterwards.

### 1.3. Internal capacity

#### 1.3.1. Dedicated organizational structure

PMPKL had a dedicated organizational structure for ALP implementation, consisting of an ALP Senior Management Team, an ALP Country Management Team and an operational team. The supervisor of Green Leaf production served as a link between the management and the agronomists. PMPKL worked closely together with PMI Regional and received regular guidance for the implementation of the ALP program. The current organizational structure, including the ALP Coordinator, had been in place since late 2018.

**PMPKL Internal structure for ALP implementation**





### 1.3.2. Roles and responsibilities

The Manager Social Sustainability served as ALP Coordinator, and together with the Supervisor Sustainable Agriculture–Social formed PMPKL’s Social Sustainability team. Their responsibilities included ALP implementation, designing communication materials and training the agronomists, who in turn were responsible for training the junior agronomists.

Together with the Manager Sustainable Agriculture, the Social Sustainability team was also responsible for communicating ALP updates and progress reports to PMI Regional, and for designing and supervising local projects for ALP implementation together with non-governmental organizations (NGOs). The Manager Leaf Planning was responsible for approving the budget for these initiatives.

The ALP Coordinator, Supervisor Sustainable Agriculture–Social and Manager Sustainable Agriculture all had ALP-related job descriptions, including management and implementation of sustainability-focused programs to meet PMI commitments; identification of farm situations not meeting the ALP Code; and monitoring, guidance and execution of programs towards ensuring safe work environment on farms.

The junior agronomists were responsible for visiting farmers and day-to-day implementation of the ALP Code on the farms. Their job included the provision of ALP refresher trainings during visits; farm monitoring; identification, reporting and closing of Prompt Actions; and end-of-year farm evaluations. On average, each junior agronomist was responsible for 70 farmers, and each farmer was visited once every 15 days. About half of these visits were conducted by field technicians. The main job of the latter was to provide agronomic support; ALP was not part of their formal job description. In practice, the field technicians also conducted on-farm monitoring, provided ALP refresher trainings, and reported any Prompt Action situations to the junior agronomist. The formal reporting and

documentation of Prompt Actions and situations not meeting the standard was the sole responsibility of the junior agronomists. During the assessment, it was confirmed by one junior agronomist and some field technicians that the latter would visit more farms in case the junior agronomists were absent or too busy with office-related tasks.

On average, junior agronomists and field technicians visited six to eight farms per day, taking one hour for each visit, or more if specific ALP topics or agronomic issues had to be discussed. All considered the available time to be sufficient for covering the ALP Code. Although they visited their farmers regularly, in many cases neither the junior agronomists nor field technicians were able to enter the family premises and speak to all people present: due to local cultural norms, contact of any kind between female family members and outsiders was only allowed in specific circumstances and in the presence of other women (see Appendix II).

Agronomists were responsible for training the junior agronomists and field technicians on the ALP Code and supervising their performance during farm visits. Each agronomist had six junior agronomists and five field technicians under supervision. Agronomists were also responsible for compiling and validating ALP-related data, reporting this data to the Supervisor Green Leaf Production, and assisting with the dissemination of communication materials. Agronomists also visited farms from time to time to ensure proper implementation of the ALP Code.

The Supervisor Green Leaf Production was responsible for compiling and validating the data provided by the agronomists and checking on the performance of agronomists and junior agronomists. He also visited farms and provided feedback to the agronomists and junior agronomists via email.

In addition to the farm visits mentioned above, a subset of farms were also visited by personnel from the Planning Department and Environmental Health and Safety Department (EHS). The aim of these visits

was to check on the implementation of initiatives and to provide feedback on farm findings and ALP implementation using written checklists. This feedback was reviewed by the Social Sustainability team and followed up where necessary.

### 1.3.3. Training and knowledge of the ALP Program

Knowledge of the ALP Code among management personnel was found to be adequate for their tasks. The local team, including the ALP Coordinator and Supervisor Sustainable Agriculture-Social, had received training from PMI Regional and in turn provided yearly trainings to the Green Leaf Supervisor and agronomists. In turn, the agronomists trained the junior agronomists and field technicians before the start of each crop season and provided refresher trainings throughout the year when needed. No specific guidelines were in place for these refresher trainings.

Junior agronomists and field technicians, as well as other operational staff, had to take yearly written exams to test their knowledge of the ALP Code. Depending on the exam results, individual follow-ups were conducted by the responsible agronomist. No specific thresholds had been defined for when a follow-up was required; this decision was left to the agronomist in charge. CU found the exam for 2019 to be complete and suitable to capture ALP knowledge of the examinees.

In addition to the trainings mentioned above, the Supervisor Green Leaf Production identified points of improvement for individual junior agronomists based on unannounced farm visits. The results of these visits and suggested points of improvements were communicated via email to

the junior agronomist and supervising agronomist in question. However, no overview was kept of the points identified, nor of the results of any follow-up conducted.

CU's assessment of the junior agronomists' knowledge of the ALP Code Principles showed the following results<sup>4</sup>:

1. **Child labor:** The majority of junior agronomists interviewed (93%) had an adequate understanding of this ALP Code principle. One (7%) was not able to explain child labor and only mentioned that 16 was the minimum age for employment. All other interviewees were able to describe the complete set of ALP Measurable Standards for this principle. Four (27%) did not mention that light work was allowed on family farms for family children aged 13-15. All could mention hazardous activities, including situations that could lead to accidents and related prevention measures.
2. **Income and work hours:** All junior agronomists could state the minimum wage applicable at the time of the assessment<sup>5</sup>. All were aware of the daily working hours limit of eight hours and maximum workweek of 48 hours. Only five interviewees (33%) mentioned that overtime should be paid double rate, but none mentioned whether overtime should be voluntary or not. None mentioned when wages should be paid, and nine (60%) did not mention resting days. Four (27%) could not describe any legal benefits to be provided to the workers<sup>6</sup>. The remaining eleven (73%) mentioned accommodation, holidays, food and social security to be granted to workers during employment.

4. For this assessment CU interviewed 15 junior agronomists.

5. The legal minimum wage at the time of the assessment was 15,000 Pakistan Rupees (PKR) per 26 days. This corresponded to approximately 95 USD in August 2019. Although the legal minimum wage did not apply to the agricultural sector, PMPKL required its farmers to pay their workers at least this amount. See Chapter 2.2 for more information.

6. In Pakistan, the only legal benefit applicable per law to tobacco farm workers is the payment of social security by the employer (see Appendix III).



3. **Fair treatment:** All junior agronomists understood this principle. However, five (33%) did not mention access to a fair and transparent grievance mechanism.
4. **Forced labor & human trafficking:** All junior agronomists had an adequate understanding of this principle, in terms of the meaning of forced labour and human trafficking and the various conditions under which these can occur. However, six interviewees (40%) failed to mention that farmers should not retain workers' legal documents.
5. **Safe work environment:** Knowledge of this principle was adequate with regard to safety, but inadequate with regard to sanitary facilities. Only three interviewees (20%) mentioned the need to provide clean water and sanitary facilities, and only five (33%) mentioned that workers' accommodations must be safe and clean.
6. **Freedom of association:** Most junior agronomists had a good understanding of this principle. However, three (20%) described freedom of association as the possibility to discuss issues freely and with other farmers.
7. **Terms of employment:** All junior agronomists understood this principle. All described that written agreements should be provided to workers at the time of hire. However, four (27%) did not mention that farmers were responsible for informing workers about their legal rights, and none were aware that the ALP Code requires direct payment of workers.

PMPKL's response:

*"Refresher trainings to be provided to all JAs on ALP Code with particular focus on Income & work hours, Safe work environment and Terms of employment. Post-training assessments will be carried out to reinforce and gauge learning. These trainings will be conducted in Q4 2019 and Q1 2020 and will*

*be continued annually before the start of each crop season with the goal to develop teams fully equipped to effectively implement ALP program on contracted farms."*

### 1.3.4 Internal communication

Every two months, the Steering Committee and ALP Country Team held a meeting to review ALP compliance. Furthermore, the Country Leaf Team met every two months to discuss progress on a number of topics including performance on ALP and initiatives. Monthly calls were held between the ALP Regional Team and the Country Team to discuss progress on ALP-related targets and initiatives.

The ALP Coordinator compiled all Prompt Action reports on a quarterly basis. This summary report was shared with the regional team and included the number of Prompt Actions identified, the farms in question, the person who had identified the Prompt Action and the person responsible for closure, the root causes identified, the action plans agreed, and the status of each case.

Additional internal communication regarding ALP occurred on a regular basis between junior agronomists, field technicians and agronomists within all ALP offices. CU observed that ALP-related materials (posters, banners and gadgets) were present at the PMI plant and field offices visited as part of this assessment.

## 1.4 Communication of the ALP Code requirements to farmers

### 1.4.1 Communication strategy and tactics

PMPKL started communicating the ALP Code to farmers in 2011. At the time of this assessment, communication with farmers covered all ALP Principles, with a focus on Child Labor, Income and Work Hours, and Safe Work Environment, since these were considered the most important areas for improvement according to the company's risk assessment.

To communicate the ALP program to farmers, family members and workers, PMPKL was using several methods:

- **Workshops:** Farmer workshops were held at the local field offices before each main crop stage. These were attended by 80 to 100 farmers on average, and conducted by the Manager Social Sustainability, the Supervisor Sustainable Agriculture–Social and several agronomists. Posters and communication materials for these workshops were observed at local field offices.
- **Corner meetings:** Junior agronomists regularly held small-scale village meetings (four to five farmers) to provide refresher trainings on ALP Principles that were recognized to be an issue in the area. No specific schedule was in place for these trainings.
- **Farm visits:** Junior agronomists and field technicians conducted regular visits to the farms. On average, they visited their farmers once every two weeks for monitoring and support, including individual training of farmers and, occasionally, of family members and workers.
- **Unannounced farm visits by senior Field Team staff:** The Supervisor Green Leaf Production, ALP Coordinator and Supervisor Sustainable Agriculture–Social paid unannounced visits to randomly selected farms.
- **ALP agreements:** PMPKL required all farmers to sign an ALP agreement that stated the ALP Principles and the related commitments required from the farmer.
- **Booklets:** PMPKL had also provided all farmers with various booklets, including a booklet on summer schools (explaining the daily routine at these schools, targeting a younger audience) and a booklet explaining the main do's and don'ts regarding safety, usage and disposal of Crop Protection Agents (CPAs).
- **Farmer-worker agreement template:** PMPKL provided this template to its farmers to facilitate the completion of written agreements between farmers and their workers.

These communication materials were present on many of the farms visited by CU. While they covered an extensive amount of information, CU found the posters describing the ALP Principles to mostly state the applicable ALP Principle with its Measurable Standards without further explanation of the importance and reasons for meeting the standard. Furthermore, it was noted that the CPA booklet did not mention the need to return empty CPA containers to the junior agronomist (which was the required practice at the time of the assessment); instead, the booklet stated to “destroy the bottles” and to “bury the empty containers three feet into the ground”. Lastly, it was found that not all the pictures in this booklet were self-explanatory or easy to relate to the text. During the farm visits, CU asked two illiterate workers who had heard about the ALP whether they could tell the meaning of the ALP by looking at the pictures in the booklet, and neither of them recognized the principles shown.

Furthermore, PMPKL had developed a range of written communication materials in the local language (Urdu) (see Appendix IV):

- **Posters:** PMPKL had provided all farmers with several posters, including an overview of the ALP Code and separate posters for each principle; a poster explaining the risks and prevention of Green Tobacco Sickness (GTS); and posters on various initiatives, such as the provision of clipsticks for stringing and the implementation of the support mechanism.

PMPKL's response:

*“In-depth analysis of current visuals to be conducted to assess the gaps. Enhanced and clear visuals to be used in content post review. To ensure that farmers have adequate understanding of ALP principles, follow up by third function (other than Sustainable Agriculture) will be carried out to check farmers understanding on the visuals including written acknowledgments for documentation and verification. This will be conducted from Q1 to Q3 2020, by the Manager Sustainable Agriculture, Agronomy & Production and Social Sustainability and will be continued annually*”

*A Sustainable Tobacco Production (STP) guide will be developed to replace CPA booklet mentioning the returning of CPA empty containers. To be initiated in Q2 2020 by the Manager Sustainable Agriculture and the Manager Agronomy & Production.*

*Template of written agreement between contracted farmers & workers will be updated in Q1 2020 by the Supervisor Sustainable Agriculture (Social)*

The farmer-worker agreement template was found to be largely complete and useful for facilitating written agreements between farmers and workers. However, some gaps were identified: no space was available for recording the worker's age; "children under 18 are not allowed to work in field" is not

mentioned, but rather the phrase "non-adult workers are not allowed to work in the field" is used. No overview was provided of the workers' legal rights and benefits

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 line with PMPKL's communication focus areas, the highest levels of awareness were found for the topics of Child Labor, Income and Work Hours, and Safe Work Environment. For all principles, awareness among family members and external workers was significantly lower than among farmers, particularly with regard to the topics of Freedom of Association and Compliance with the Law.

**Level of awareness of ALP Code Principles\***

	Farmers (T=45)	Family members (T=37)	External workers (T=110)
<b>Child labor</b>	42(93%)	13 (35%)	12 (10%)
<b>Income and work hours</b>	38(84%)	9 (24%)	13 (11%)
<b>Fair treatment</b>	36 (80%)	9 (24%)	6 (5%)
<b>Forced labor</b>	32 (71%)	7 (18%)	8 (7%)
<b>Safe work environment</b>	36 (80%)	10 (27%)	11 (10%)
<b>Freedom of association</b>	31 (68%)	5 (13%)	5 (4%)
<b>Compliance with the law</b>	23 (51%)	0	3(2%)

\*Note that this data only shows 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 the Code. The results are shown in the following tables:

### Means of communication through which ALP-related information was received by farmers\*

	Farmers
During regular visits by the junior agronomist and field technician	(T=45)
Group meetings	41(91%)
Flyer/Poster/Booklet	33 (73%)

\*Farmers could be informed in multiple ways.

### Means of communication through which ALP-related information was received by family members and external workers\*

	Family members (T=13 out of 37)	External workers (T=14 out of 110)
Verbally from the farmer	10 (76%)	13 (92%)
Verbally from the junior agronomist or field technician	10 (76%)	10 (71%)
Flyer/poster/booklet	6 (46%)	3 (21%)
Other	1 (7%)**	

\* External workers and family members could be informed in multiple ways.

\*\* NGO responsible for implementation of grievance mechanism

These results show that PMPKL communication strategies were all contributing towards informing the farmers about the ALP Code. For family members and workers, verbal communication was more effective in raising awareness on ALP than written communication. In general, the low ALP awareness among family members and workers suggests that more effort should be taken by the junior agronomists and field technicians to communicate directly with these groups, in addition to encouraging farmers to share information with their family and workers.

#### 1.4.2 Farmers' responsibilities

At the beginning of each crop year, farmers signed a new growing contract with PMPKL. ALP

commitments were signed in a separate form, as Pakistan legislation did not allow contract termination based on non-compliance with secondary commitments such as ALP.

Farmers did not get their contracts renewed if they had a Prompt Action that had not been closed within the required time frame, if they had a Prompt Action related to child labour for consecutive years, or if they had received a low classification in the end-of-year farm evaluation. This evaluation included ALP as well as agronomic criteria against which each farmer was evaluated. ALP-related criteria for the 2018 crop season included Prompt Actions received, usage of clipsticks (see Chapter 1.6) and returning of empty CPA containers. At the end of the 2018 crop season, 19 contracts had not been

renewed, all due to recurrence of Prompt Actions related to child labor.

At the time of CU's assessment, PMPKL was holding discussions with the Pakistan Tobacco Board (the entity responsible for making legislative decisions in the tobacco sector) to find legal solutions to allow contract termination during the crop season in case farmers had recurrent Prompt Actions (see Chapter 1.5.3).

## 1.5 Internal monitoring: data collection, accuracy, and addressing issues

At the time of the assessment, PMPKL was collecting three types of ALP-related data from the farms: socio-economic information (Farm Profiles); situations not meeting the standard; and Prompt Actions. All data were collected on paper. However, the company was planning to pilot a digital system in the summer of 2019, to be implemented across all operational fields in the 2020 crop season.

### 1.5.1 Socio-economic data: Farm Profiles

The socio-economic information for Farm Profiles was collected at the beginning of each contracting period, and again at the end of the crop season. Junior agronomists collected this data through own observation and by interviewing farmers. For all farms visited by CU, Farm Profile information for the 2019 crop season was available.

When verifying whether the Farm Profiles were complete, CU found 26 Profiles (58%) that had missing information, mainly with regard to farm tasks (16 profiles) and people on the farm (seven profiles). When comparing the data reported in these profiles to actual farm situations, CU found that 22 Farm Profiles (49%) did not fully correspond to the situation observed at the farm. In most cases, the discrepancies concerned household composition and number of workers on the farm. More 'stable' information such as farm size and crops grown was found to be complete and accurate in most Farm Profiles. However, the highly fluctuating numbers

of workers during the season, the impossibility to enter the family premises on many farms, and the paper-based record keeping all made the capturing of information on farm tasks and people more challenging for the junior agronomists.

PMPKL's response:

*"Conversion to electronic data recording through GMS tool which was piloted in 2019. Accuracy of data and assessment of JAs capability to be cross-checked by third function teams other than sustainable Agriculture. This will be done for next crop year, starting Q1 2020 onwards"*

### 1.5.2 Systematic monitoring: situations not meeting the ALP Code standards

At the time of CU's visit, systematic monitoring at farm level was carried out only at the end of the season, as part the end-of-year farm evaluation. During the crop season, any situation not meeting the ALP standard was to be treated as a Prompt Action. The Farm Profile forms provided to the junior agronomists had a section for recording information on situations not meeting the standard, but there was no separate monitoring form. In general, CU observed a lack of awareness among management staff on the function of monitoring for ALP implementation. This lack of awareness was also reflected in the interviews with junior agronomists, many of whom could not provide a definition of monitoring or tell whether it was to be carried out or not.

PMPKL's response:

*"In 2020, PMPKL plans to monitor 100% of its contracted farmers for compliance with all seven ALP principles. JAs will visit contracted farmers during all the crop stages in order to provide ALP training and awareness raising, monitor compliance with the ALP principles and address issues to ensure continuous improvement. PMPKL Social Sustainability team"*

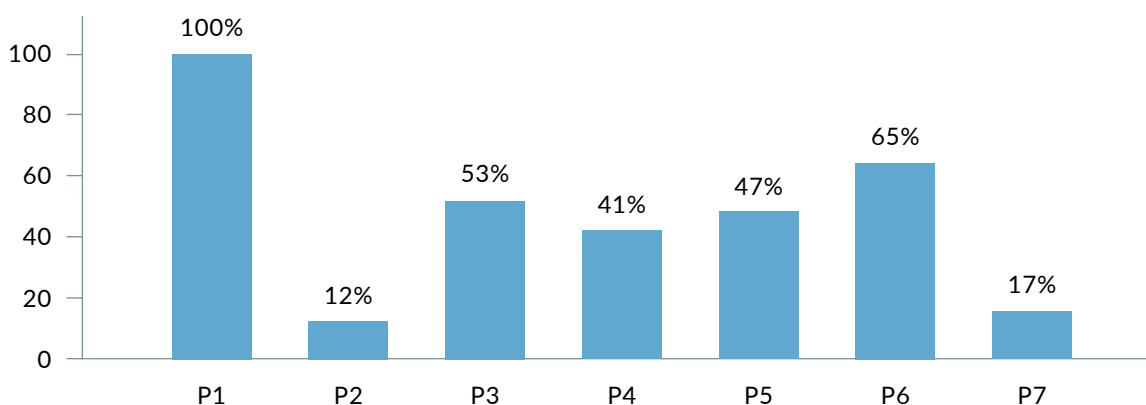
*will develop separate farm monitoring form in GMS starting Q1 2020. To assure accurate GMS data collection by JAs, unannounced visits will be conducted by third function & Social sustainability team which will provide additional visibility. Evaluation of Farm Monitoring results will be carried out and discussions will be carried out with JAs to provide support in enhancing their understanding “*

For 13 (29%) of the 45 farms visited by CU, the ‘monitoring’ section in the Farm Profile form had been filled in by the junior agronomists. Here, CU found several instances where conditions were reported as meeting the standard while this did not

match with the farm situation observed by CU. The main discrepancies were found with regard to the involvement of persons under 18 in hazardous work (six or 46%), training on GTS (six or 46%), access to clean water and toilets (five or 38%), provision of written contracts (four or 30%), timing of payments (three or 23%), and provision of sanitary working environment (two or 15%).

For 17 farms (38%), the end-of-year monitoring also included data on farmers’ awareness of ALP. However, apart from Principle 1, farmers’ awareness of the other principles as recorded by the junior agronomists did not fully correspond to CU’s observations, as shown in the graph below<sup>7</sup>:

**Farmers’ awareness of the seven ALP Principles – % of match between PMPKL records and CU observations**



Six farms (13%) provided accommodations for workers. The condition of these accommodations had been evaluated for only one of these farms (16%), and the information recorded did not fully match with CU’s observations for this farm. The main discrepancies were in the following categories: living room/place away from toxic material storage (CPA, fertilizers, sprayers); sleeping room separate from cooking area; availability of toilet doors; and drinking water source free of contamination.

Overall, CU found that the utilization of paper forms for data collection did not facilitate capturing information for monitoring systematic issues at the farms.

### 1.5.3 Prompt Actions

PMPKL had established a clear procedure for the identification and follow-up of Prompt Actions. If a junior agronomist identified a Prompt Action

7. The discrepancies include instances where the junior agronomist recorded the farmer to be aware of the principle but CU found the farmer to be unaware, as well as instances where the junior agronomist recorded the farmer to be unaware of the principle while CU found the farmer to be aware.



situation, he had to stop it immediately, conduct a root cause analysis, and agree with the farmer on an action plan. In case the Prompt Action was observed by a field technician, the latter had to collect evidence of the Prompt Action (either by making an accurate description of the situation or taking photos). A junior agronomist would then conduct the follow-up with the farmer and issue a Prompt Action report.

When a Prompt Action was identified, the junior agronomist had to file a paper-based report (questionnaire) describing the incident, root cause, improvement plan, status of the action agreed, closing date and justification for closure. This report had to be signed by both the farmer and junior agronomist and be filed at the field office, where the supervising agronomist had to be informed of the case.

The deadline for closing a Prompt Action was six weeks, unless the Prompt Action was related to an activity that would be completed sooner<sup>8</sup>. For example, a Prompt Action related to transplanting had to be followed up and closed within a few days.

PMPKL had defined four severity levels for Prompt Action situations. The higher the severity level, the greater the consequences for the farmers. Incidents of the lower levels were 'allowed' to reoccur twice before deciding not to renew the contract. However, for the most severe Prompt Actions (such as child labor), recurrence automatically meant that the contract with the farmer would be terminated at the end of the season.

At the time of CU's assessment, 44 Prompt Actions had been reported since the start of the 2019 crop season. Twenty-six (60%) of these were related to child labor and 18 (40%) to farm safety (mostly PPE use). Nine of the farmers visited by CU (20%) had Prompt Actions reported on them (three on child labor, four on missing PPEs and two on CPA storage).

Eight of these cases had already been closed at the time of CU visit. Two of these farmers (22%) mentioned to be unaware of any Prompt Actions having been raised on their farm and evidence of the Prompt Action occurring was observed during CU's visit even though the Prompt Action had already been closed. The remaining seven farmers were all aware of the Prompt Actions raised on their farm, and for the closed cases no evidence of the Prompt Actions occurring was found during CU's visit.

All junior agronomists interviewed knew the correct procedure for reporting Prompt Actions. However, two of them mentioned an incorrect deadline for closing Prompt Actions (one month, respectively six months). With regard to understanding the meaning of Prompt Actions, only three (20%) of the junior agronomists interviewed could provide a clear definition, while the others described Prompt Actions as any deviation from the ALP Code. Among the field technicians interviewed, only two (13%) were able to provide a correct definition. However, all field technicians could clearly state their responsibilities with regard to Prompt Actions identification.

PMPKL's response:

*"PMPKL has decided to reinforce training on Prompt Actions to all the JAs through discussions and role play to ensure that JAs understand the difference between Prompt Action issues and other Non-conformance of the ALP that does not necessarily require raising a Prompt Action. Agronomists will be responsible to ensure capability building and end-year performance reviews of Junior Agronomists*

*Additionally, a section in Prompt Action template will be included to take acknowledgment from sharecroppers & tenants along with the concerned farmers on Prompt Action form"*

8. According to PMPKL guidelines, the circumstances for closing a Prompt action had to be similar to the ones under which the PA had been raised, hence the reduced deadline for crop activities which lasted less than 6 weeks.

## Data management and analysis

All farm data were collected using paper forms. CU found that this method made it difficult to capture farm dynamics with regard to cropping activities and people involved (see Chapter 1.5.1). Furthermore, it was found that the paper-based data collected by different people (field technicians, junior agronomists, agronomists, etc) was not always available or adequately integrated to provide a clear picture of the farm situation.

PMPKL's response:

*"Data recording and retrieval will be accomplished electronically through the GMS tool. Random checks will be carried out by internal functions other than Sustainable Agriculture to check the accuracy of data. This action plan will be conducted Q1 2020 onwards on all PMPKL contracted tobacco farms"*

### 1.5.4 Improvement plans for individual farms

PMPKL made formal improvement plans for individual farms where Prompt Actions had been raised. However, as mentioned in Chapter 1.2, these plans were based on rather superficial root cause analysis, which carried the risk of not addressing the issue in the longer term. An example of agreed action plans which was reported several times was "matter discussed farmer convinced", but no further details were provided.

By means of the end-of-season farm evaluation, PMPKL identified farmers who were performing less well than others, also with regard to ALP implementation. At the end of the 2018 crop season, 192 farmers had been identified as such. During the 2019 crop season, these farmers were visited more frequently by the junior agronomists and field technicians.

For some farms, informal improvement plans were made during unannounced visits by the Supervisor

Green Leaf Production, not only to provide feedback to the junior agronomist responsible but also to point out improvements needed at the farm visited. However, these improvements were only communicated via email and no overview was kept of these plans, nor of the follow-up and ensuing results.

## 1.6 Address systemic and/or widespread issues

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

At the time of CU's assessment, PMPKL had implemented the following operational initiatives:

1. **Summer schools:** Starting in 2018, PMPKL had been working with an NGO to offer summer schools in the regions where farmers were contracted. The initiative had the dual goal of providing farmers' and workers' children with essential child development skills during school holidays, and keeping the children engaged with additional activities and away from the farm to reduce the risk of child labor. For the 2019 crop season, PMPKL offered 30 summer schools across Swabi and Mardan, for children aged 5-14 years. School hours were 9 to 11 am, six days a week. Professional local staff had been recruited by the NGO, who besides providing educational programs for the children also engaged directly with their parents to make them more aware of child-labor related issues and the importance of summer schools. The NGO also monitored the children's school attendance and measured the impact of the initiative in the longer term. Among the farms visited by CU, 12 farmers (27%) participated in this initiative; all of them said to find it useful because the summer school kept their children off the fields and the children enjoyed the school. These farmers also found it

useful that their children could get education. Among the 33 farmers who did not participate, only 12 (36%) had heard about this initiative. Five of these 12 farmers mentioned that the summer school had been held in their area in previous years but that this year it was held too far away from their house. On two farms where farmers participated, workers mentioned to have never heard of this initiative. Only on one of the participating farms the workers' children were also attending the summer school, and their feedback was very positive. Of the farmers who did not participate, 22 (67%) would be interested in participating.

2. **Kids fun days:** In areas where the summer school had not yet been implemented, PMPKL organized roadshows with an NGO to inform families and children about the possibilities of summer schools, the importance of child development, and issues related to the involvement of children in tobacco farming. These roadshows, known as 'Kids fun days', stayed in a specific community or village for one week on average and included various engagement activities. Among the farms visited by CU, nine (20%) had participated in this initiative. All farmers whose kids had participated found the initiative useful, as it was an enjoyable moment for the kids. Among the farmers who had not participated, 27 (75%) were interested in participating.

3. **Clipsticks for stringing:** Starting in 2015, PMPKL had been providing its farmers with sets of wood-based clipsticks (650 sticks for each barn) to encourage farmers to abandon traditional stringing methods. Management staff interviewed by CU confirmed that this initiative had not been well-received by the farmers, and that the number of sticks handed out by PMPKL had been reduced progressively with an eye on the planned introduction of automatic stringing machines. This feedback was confirmed during farms visits. Among the farmers visited by CU, 29 (64%) had received the clipsticks. Among this group, six farmers (20%) found the initiative useful (mainly because this method was much

quicker and hence helped to save money on stringing) and eleven (38%) would participate again. Among the 23 farmers who had received the clips but did not find this initiative useful, eleven (48%) would be willing to participate again provided that they would receive better quality sticks. The main reasons farmers gave for not wanting to participate again were that the tobacco leaves would fall off the clipsticks or would get damaged, and overall that they considered traditional stringing a better method. Among the 16 farmers who had not received the clipsticks, eleven (69%) said not to be interested in participating as they had heard or believed that the sticks would make the leaves fall off or would not be as good for the leaves as traditional stringing.

4. **Hygiene kits:** Starting in 2018, PMPKL had been collaborating with a local NGO to provide hygiene kits to farmers and their family members. This initiative had the dual goal of educating families, particularly women and children, on the importance of personal hygiene, and to gain gradual access to the farmers' homes to educate female family members on ALP and the hazards involved in tobacco cultivation. The latter goal was impossible to achieve by the junior agronomists and field technicians because of cultural obstacles (see Chapter 1.3.2), but important because women were often engaged in stringing activities without being informed by the farmers about the risks associated with tobacco handling. With this initiative, PMPKL aimed to make women aware of these hazards and also to collect information on the household situation (defined by PMPKL as the "blind spots") to be able to target efforts towards solving this issue in the future. The NGO in charge had therefore put together a team of local people (all trained on ALP by PMPKL's Social Sustainability team), including both males and females, whose job was to gain the trust of farmers and their families and subsequently visit the households, providing hygiene kits while at the same time training the women on hazards related to tobacco production and collecting data on household



composition. Among the farmers visited by CU, 21 (47%) had received a hygiene kit, and all found this initiative useful, mostly because of improved health conditions as a result of better hygiene awareness. Of the 24 farmers who had not yet received a kit, 18 (75%) were interested to participate.

5. **Technical skills training:** Starting in 2018, PMPKL had been engaging with an NGO to provide technical skills workshops for children aged 17 and 18 with the aim of providing the basis for professional careers outside of the tobacco sector. Workshops included plumbing, electric wiring and motorbike repairing for boys, and sewing for girls. For the 2019 crop season this initiative was targeting 200 children in the Swabi and Mardan regions. Among the farmers visited by CU, only one (2%) had his children participating in this initiative and he found it very useful. Nine farmers (21%) were not interested in participating: one specifically mentioned that he had his children helping on the farm, so there would be no need for them to learn other skills; three said they had only daughters of that age and did not see the need for them to learn technical skills; two had no children; and three wanted to have more information before enrolling their children.
6. **Computer literacy skills:** In June 2019 PMPKL launched an initiative with a local NGO to provide children aged 13 to 16 with computer literacy skills that would benefit both the children and their families. Seven centers were to be set up for the season, serving 385 children. At the time of CU's assessment this initiative had just been launched; none of the 45 farmers visited had their children participating so far, but 30 (67%) mentioned to be interested, mainly to provide their children with extra skills that would help them obtain a career in the future. Of the 11 farmers who indicated that they were not interested, nine (82%) mentioned that they first needed to understand what the initiative was about; one did not have children of that age range; and one said he only had daughters and did not see the need for them to participate in this initiative.
7. **PPE sets for GTS and CPA application:** Starting in 2018, PMPKL had been providing sets of gloves and PPE to protect farmers and their workers from GTS and injuries during CPA application. At the time of CU's visit, 3,333 PPE sets and 3,330 GTS gloves had been provided to farmers. The PPE set consisted of a long sleeved shirt and pants, boots, mask and goggles. See Chapter 2.5 for further details.
8. **Boxes for CPA storage:** Starting in 2018, PMPKL had been providing CPA storage boxes to all contracted farmers to facilitate safe storage of CPA containers on farms. Farmers received one box for each barn. See Chapter 2.5 for further details.
9. **Farmer-worker agreement templates:** Starting in 2018, PMPKL had been distributing template forms among farmers to encourage written agreements between farmers and their workers. The forms were in Urdu, and included a template to fill in the agreement, a table to record payments, and receipts to be given to the worker. Among the farmers visited by CU, 23 (51%) had received the agreement template. All of them found the template useful, except one farmer who was already using a template he and his workers had made themselves. Positive feedback included that the provided templates helped to keep information about workers in one place, and that in case of any disputes the parties could refer to the written agreement. Among the 22 farmers who had not received the template, five (23%) were interested to receive it and have written agreements, while 12 (54%) were not interested. The main reasons provided by the latter group were that they preferred verbal agreements over written ones, and that they did not see the need for written agreements as all their workers were temporary.

10. **Fertilization machine:** Starting in 2018, PMPKL distributed fertilization machines to the best performing farmers to facilitate fertilizer application, prevent health problems arising from exposure to fertilizer, and to save on costs. Among the farmers visited by CU, five (11%) had received a fertilizer machine, and all of them found it very useful as it allowed to apply specific and accurate quantities of fertilizer and reduce costs. Of the 40 farmers (88%) who had not received a machine, 16 (40%) were interested in participating to reduce costs and labor, while nine (23%) were not interested, mainly because they were not willing to incur additional costs or because they first wanted to have more information about this initiative.
11. **Stringing Machine:** In the early summer of 2019, PMPKL had launched a pilot for implementing mechanical stringing machines at contracted farms. The aim was to facilitate stringing and reduce risks associated with traditional stringing practices, such as GTS and child labor. At the time of CU's visit this pilot had just been launched. Among the farmers visited by CU, only one farmer (2%) had received the machine, but this was too recent for him to tell whether it would be useful or not. All other farmers indicated that they were interested in working with the new machine.

## Chapter 2

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



**EXTERNAL ASSESSMENT**  
Flue Cured Virginia farmers in Swabi and Mardan



This chapter describes CU's assessment of the working conditions on PMPKL contracted tobacco 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.

## 2.1 ALP Code Principle 1: Child labor

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*There shall be no child labor.*

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### Main findings and challenges

#### 2.1.1 Children working and activities performed

CU observed 31 children involved in tobacco-related activities during the farm visits.

On three farms (6%) evidence was found of children below 16 being employed. On one of these farms, a 15-year-old boy had been recruited by a farmer for the harvesting season. His main tasks were stringing and harvesting. On the second farm, two of the worker's children (aged 13 and 14 respectively) were found carrying leaves from the fields in a trolley. On the third farm, 14 children aged between 13 and 14, all sons of the different workers at the farm, were found picking leaves in groups, in different areas of the farm. They were assisting their parents during the school season.

On nine farms (20%), children below 18 years were engaged in hazardous activities. On one of these farms, nine children below 16 and 17 were found picking up leaves in groups of children in different parts of the farm. These were all children of the workers, assisting their parents during the school

season. On another farm, the 16-year-old son of the farmer was assisting with loading and unloading the barns. On a third farm, a 17-year-old boy was hired for harvesting and stringing during the harvesting season, and was found in the field without using gloves. On a fourth farm, a 17-year-old nephew of the farmer was found stringing without GTS gloves. He helped the farmer during school holidays to earn extra money. (The other five cases are the ones described in the previous and next paragraph).

On two family farms, children below 15 were found working on the farm. On one of these farms, a 13-year-old was helping the father with picking up leaves and stringing. On another farm, a child under 13 was helping his mother with stringing activities.

On an additional seven farms (15%), CU found a risk of child labor. This included children being involved in light tasks such as carrying meals to the farmers and workers in the field, and children being involved in hazardous tasks outside tobacco production. In all cases, the farmers and workers were unaware of the meaning of hazardous tasks.

#### Underlying factors that increase the risk

CU identified several underlying factors that increased the risk and incidence of child labor in the regions visited. Firstly, the tobacco harvesting season in Pakistan takes place during school holidays. Many of the farmers, as well as the children who were found working, mentioned that children had more time available when the schools were closed, which they could dedicate either to helping on their farm or earning money for their families by working on tobacco farms nearby. Secondly, as confirmed by both farmers and PMPKL management, there was a shortage of labor during the season. This labor shortage encouraged farmers to involve children to assist with tobacco-related activities, particularly during the harvesting season. This is reflected in CU's findings: 26 (86%) of the 31 children found working were involved in harvesting activities<sup>9</sup>, and 23 (75%) of these children were

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9. Here harvesting activities are considered to include picking leaves, stringing, and loading/unloading barns

involved only for one to three months of the tobacco season. Finally, CU observed some gaps in farmers' and workers' awareness, which increased the risk of child labor occurring: four farmers (8%) were not aware of the minimum age for involving children in tobacco farming, and ten (22%) were not aware of the meaning of hazardous work. On ten farms (24%) where workers were interviewed, not all workers were aware of the minimum working age, while on 15 of these farms (36%), not all workers were aware of the meaning of hazardous work.

### Analysis and priorities

PMPKL management was aware of this issue and gave the elimination of child labor high priority. The company's ALP Social Sustainability team had several years of experience in targeting social issues in tobacco production, including child labor.

The company's focus on eliminating child labor was demonstrated by the high number of initiatives targeting this issue directly or indirectly (see Chapter 1.6: summer schools, kids fun days, hygiene kits - as a way to reach mothers and girls, technical skills training, computer literacy, stringing machines). In addition, the company was vigilant in raising Prompt Actions against child labor and had serious consequences in place for farmers who had Prompt Actions related to child labor. These efforts were beginning to pay off, as there was high awareness among farmers on the ALP requirements regarding child labor (see Chapter 1.4.1) and no evidence of child labor was found on farms where children were or had been participating in the summer schools, kids fun days, technical skills training and computer literacy classes (with all farmers involved being very positive about these initiatives). Furthermore, on the farms visited by CU where Prompt Actions related to child labor had been raised in 2019, farmers understood the importance of not involving children in tobacco farming and no evidence of child labor was observed on these farms during CU's visits.

However, more effort is needed to increase awareness on the minimum working age and the meaning of hazardous work, particularly among workers, who were not always informed by the farmers. In addition, there is room for improvement in the knowledge of junior agronomists, who showed a less than complete understanding of the ALP requirements related to Principle 1 (see Chapter 1.3.3).

#### PMPKL's response:

*"PMPKL to take strict action to address identified concerns and issues as part of its commitment to eliminate Child Labor. Due diligence will be performed to ensure non-renewal of farmer contracts violating this Principle. In addition to this, refresher training will be conducted for farmers to reinforce awareness on minimum age of employment.*

*Additionally, PMPKL will continue and enhance off-farm activities to avoid exposure of children to farm tasks.*

#### *Other measures to be taken include:*

- *Awareness raising on farm hazards to be included in the summer-school project activities..*
- *Demonstrations with mechanized stringing machines to eventually replace conventional stick tying.*
- *Due to cultural barriers, women aren't part of training even though they participate in farm activities. The company has engaged third party female trainers to train women in the farms.*
- *Develop Risk Criteria for non-compliance and identify farms potentially at risk in terms of children exposure to farm tasks..*
- *Review and update the communication materials used to communicate hazards on the farms to make them more impactful.*

*These actions will be conducted across Q1 to Q3 2020 and repeatedly on an annual basis"*

## 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

Among the farms visited by CU, 42 farms (93%) worked with hired labor, employed either on a temporary or permanent basis (see Appendix II). On five of these farms (12%), evidence was found of at least one worker not being paid at least the minimum wage stipulated by PMPKL. In all cases these were temporary workers<sup>10</sup>.

For the purpose of this assessment, workers' incomes were calculated as wage per hour. The table below shows the number of farms where workers received wages below (<72 rupees/hour) or above (≥72 rupees/hour) the minimum hourly wage.<sup>11</sup> Only cash payments are included in this overview. According to this assessment, temporary workers tended to receive lower wages than permanent workers (employed >12 months).

Types of wage**	Breakdown of calculated salaries (rupees/hour) (T=42)*				Salary range (rupees/hour)	
	< 72.12	72.12-85.00	86-99	≥100	Lowest salary	Highest salary
Hourly wages	-	-	1(100%)	-	-	-
Daily wages	3 (10%)	8 (28%)	3 (10%)	14 (52%)	35.71	166.66
Piece rate	2 (15%)***	2 (15%)	2 (15%)	7 (55%)	44.64	277.66

\* Note that some farms employed both types of workers

\*\* Refers to the agreement between farmer and worker on how to calculate the wage to be paid, not to when the payments were actually made.

\*\*\* On these two farms the female workers were paid below the minimum wage. Evidence of this was derived from payment records and discussions with male workers (it was not possible to speak to the women directly, see Appendix II)

10. Pakistan law regarding minimum wage does not include the agricultural sector. However, PMPKL set the minimum wage in accordance to the national standard at 15,000 Pakistan Rupees for an eight-hour workday, with a maximum of 48 hours a week.

11. Because not all workers worked eight hours per day, for this assessment wages were calculated per hour, and compared to the minimum wage of 72.12 rupees/hour. To calculate this, CU asked the workers to describe the number of hours they worked in a day and/or in a week, the days they were working on the specific farm, the amount they received from the farmer, when they received it, and how they decided on the amount to be paid.



In addition to their salary, workers on all farms received food during working hours. Permanent workers were also provided with accommodations where needed. At the time of CU's assessment, Pakistan law regarding in-kind payments did not cover the agricultural sector. For other sectors the law did not specifically mention whether in-kind payments were allowed or not, but did prescribe that all payments be made via scheduled banks (see Appendix III).<sup>12</sup>

PMPKL's response:

*"Due diligence will be initiated before signing of farmers contracts for crop 2020 and written consent from farmers to acknowledge payment of at least minimum wage to workers.*

*In addition, awareness raising and communication will be carried out to all contracted farmers and sharecroppers/ tenants on the applicable legal minimum wage.*

*PMPKL will ensure to provide more support to JAs in building their understandings on minimum wages and translation to farmers for creating further awareness.*

*PMPKL contracted farmers will be encouraged to sign written agreements with workers to ensure that farmers are aware of both their rights and obligations ensuring transparency in compliance with the ALP code requirements. In addition, awareness raising and communication to female workers will be carried out by female trainers.*

*Consequence management will be also conducted leading to non-renewal of contracts for the next crop based on PAs reported"*

## 2.2.2 Payment schedule

Pakistan law did not regulate payment schedules in the tobacco sector. However, PMPKL communicated based on their policy to its farmers that workers should be paid at least monthly, and that end-of-season payment was allowed only if it had been

agreed between the worker and the farmer. The farmer-worker agreement template provided to farmers by PMPKL included end-of season payment as an option (see Chapter 1.4.1). End-of-season payment was practiced on 26 (62%) of the farms with hired labor. On 11 farms (26%) wages were paid daily, and on five (12%), wages were paid monthly.

No evidence was found of workers not agreeing to end-of-season payment, although many workers mentioned that this was the only option for them to receive payment if wanting to work on the farm in question. On five farms with both permanent (working >12 months) and temporary workers, the first were paid monthly while the latter were paid at the end of the season. On most of the farms with end-of-season payment, workers were able to receive advances from the farmers upon request and before the final payments was made.

## 2.2.3 Work hours and overtime pay

Pakistan law did not regulate working hours in the tobacco sector. However, PMPKL communicated based on their policy to its farmers that workers should work maximum 8 hours a day and 48 hours a week. On two (5%) of the farms with hired labor, workers were found to be working more than eight hours a day. In one case, a 17-year-old boy was working nine hours a day, seven days a week. In the other case, one worker was working for nine to ten hours a day, seven days a week. In both cases, these workers had multiple tasks, including harvesting, stringing and loading/unloading barns. However, on the remaining farms, workers were working no more than five to six hours daily in most cases.

PMPKL's response:

*"Awareness raising and communication will be carried out to farmers on the legal working hours with separate sessions for female workers. Ongoing Monitoring and assessment to verify.*

12. At the time of this assessment, there was no approved methodology for quantifying the monetary value of in-kind payment, nor had PMPKL identified a method that CU could use to account for in-kind payment in the calculation of wages. Therefore, the overview given here only presents cash payments.

*Consequence management for non-compliance on the farms will be carried out as per severity matrix. PMPKL will continue to implement the action plan annually across Q1 to Q3"*

On nine farms (21%) at least one worker did not receive at least one day off per week throughout the harvesting season. Although most of them were working only a few hours per day, these workers reported to work every day of the week to take care of daily tasks and to earn more money. On one farm, workers worked for the contracted farmer for three days a week, but said they were working seven days a week in total when adding the days they were working on other farms (not contracted by PMPKL).

On the two farms where evidence of overtime was found (5%), none of the workers were paid for the overtime hours. However, no evidence was found of overtime not being voluntary. CU found that in both cases the farmers were unaware of overtime rates.<sup>13</sup>

### 2.2.4 Legal benefits

On 28 farms (66%) evidence was found of benefits being provided to the workers. On these farms, workers received food, accommodation (when needed) and a day off on religious and government holidays. In none of these cases social security was provided. On the remaining farms, food was provided, but no holidays or social security.<sup>14</sup>

PMPKL's response:

*"As an informal sector, where social security is not practiced, ALP team will assess the situation and work with internal Legal and External Affairs teams on the feasibility on how best to implement social security to farmers' workers. Feasibility study results will be completed by end of 2020 along with corresponding plans"*

### Underlying factors that increase risk

Although only covering small number of sampled farms, some evidence was found pointing that compared to permanent workers, temporary workers may be more likely to be paid below the minimum wage and more likely to be paid only at the end of the season. Awareness regarding the correct daily and weekly hour limit was relatively low among all farmers, including those who were meeting the standard for this principle. Furthermore, awareness among both farmers and workers was low with regard to overtime rates and legal benefits.

### Analysis and priorities

The ALP Code Principle of Income and Work Hours was one of PMPKL's focus areas. However, the management staff interviewed did not think there were widespread issues related to this principle, asserting that tobacco workers in PMPKL farm base were known to have relatively short workdays (generally five to six hours a day, making overtime unlikely), and that labor shortages in the area would encourage farmers to pay workers above the minimum wage. Nevertheless, the farm findings reveal that although not widespread in the sampled farm base, some issues may be found with regards to payments below the minimum wage (especially of temporary and female workers) and unpaid overtime.

## 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.*

13. PMPKL had set the overtime payment rate at 144 PKR/hour and was communicating this to the farmers. However, Pakistan law does not regulate payments in the tobacco sector

14. According to Pakistan law, the only legal benefit applicable to tobacco farm workers is the payment of social security by the employer (see Appendix III).

## Main findings and challenges

### 2.3.1 Treatment of workers

No evidence was found of sexual or physical abuse on the farms.

On one farm (2%) evidence of verbal abuse was found during CU's visit. A farmer shouted to his worker to wear GTS gloves. When asked about this, the worker confirmed to CU that he was shouted at very often, but that the overall relationship with the farmer was good.

No evidence of discriminatory practices was identified. Nonetheless, on two (4%) farms some indication was found of women receiving lower wages than men for the same tasks. However, due to the impossibility to interview women during the farm visits (see Appendix II), CU was not able to collect further information to confirm this finding in accordance with CU methodology (triangulation of sources).

PMPKL's response:

*"Communication to farmers / workers will be carried out by the implementing partner, field teams and third party contractual resources. In addition, toll free line number will be communicated to workers through pocket size cards so that they can have easy access to the support line. PMPKL will implement these actions in Q2 2020 and will revisit in 2021 to review progress"*

### 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.

At the time of CU's assessment PMPKL had a locally adopted grievance mechanism for farmers and their workers, established in cooperation with

a local NGO. The mechanism included three contact channels: a toll-free number, boxes for leaving anonymous messages, and village organizations. The NGO was also responsible for raising awareness about the mechanism in the villages where the farmers were located, by means of community gatherings and other communication methods such as street theatre.

At the time of CU's visit 44 grievances had been received through the support mechanism for the 2019 crop season, 15 of which were ALP-related.

Overall, the grievance mechanism was found to be complete, ensuring anonymity and being inclusive of both male and female workers. The toll-free number was linked to a local call center staffed by volunteers who had been trained by the NGO. Outside office hours, people could either leave a spoken message or send an SMS to the NGO for follow-up. A separate number had been set up specifically for women to facilitate accessibility for female workers and family members. At the time of the visit, all farms in the scope of the assessment had been informed about the number by PMPKL.

The anonymous boxes consisted of locked boxes installed in villages where PMPKL had contracted farms, in which anybody could leave a written message anonymously. The NGO would collect these messages on a regular basis and follow up on the issues based on the information provided.

The village organizations (VO) were groups of people created by the responsible local NGO consisting of 13 farmers, 12 workers and 3 local influential persons from the villages. The latter included the Jirga, a person responsible for dispute resolution within the communities of the visited regions. At the time of CU's visit 27 VOs had been established, 18 of which were formed by men and nine by women. In case of a dispute the VO and NGO would work together to solve the issue in question.

Among the farmers visited by CU, 36 (80%) said to be aware of the support mechanism, with most of them (25, or 70%) having heard about it from the NGO or junior agronomist. Fifteen farmers (42%)



also mentioned the posters and cards distributed. These materials were also observed at the farms during CU's visits. The toll-free number was the most recognized channel, followed by the VOs. None of the farmers recognized the village box, which confirmed the concerns of the NGO that the area covered by the boxes was still limited.

Among the 36 farmers who had heard about the mechanism, only four (11%) said they had made use of it. Two of them said to have found it useful, with one mentioning that his dispute with a worker had been promptly solved by the NGO. The two farmers who had used the mechanism but did not find it useful mentioned that they considered the phone costs a loss of money; they were unaware that the number was now toll-free<sup>15</sup>. For the farmers who had not yet used the support mechanism, the main reason for not using it was that they had no issues with their workers that required the support mechanism.

Workers were aware of the support mechanism on 14 farms (i.e. 33% of the number of farms where workers were asked about this topic). None of them had used it so far, mainly because they had no issues to report.

PMPKL's response:

*"Communication to farmers / workers will be carried out by the implementing partner, field teams and third party contractual resources. In addition, toll free line number will be communicated to workers through pocket size cards so that they can have easy access to the support line. PMPKL will implement these actions in Q2 2020 and will revisit in 2021 to review progress"*

## Analysis and priorities

Access to a free and anonymous grievance mechanism was a focus area of PMPKL. Overall, the mechanism put in place was found to be complete and anonymous. Efforts to raise awareness about the

system were paying off; the majority of the farmers visited were aware of the mechanism, at least of the toll-free number and village organizations. In contrast, awareness among the workers was still low, which suggests that additional efforts should be made to reach out to them directly.

Interviews with staff of the NGO in charge revealed that the impact of the grievance mechanism extended beyond the farms contracted by PMPKL: they reported two instances of farmers and workers from farms not contracted by PMPKL who had made use of the system. In both cases, the NGO successfully solved the dispute.

## 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

On five (12%) of the farms with hired labor, workers were unable to leave their employment if they wanted to receive their wages. The workers in question all had agreed to end-of-season payment. On one of these farms, workers could leave their employment if they wanted to, but would only receive their wages if they first found a replacement. On the second farm, the worker and farmer had agreed that if the worker left before the end of the harvesting season, he would not receive any money from the farmer (however, they had also agreed that the farmer would pay the worker double wages if the farmer dismissed the worker before the end of the agreed employment period). On the remaining three farms, workers would only receive their money at the end of the season. These workers were afraid that they would not receive any payment if they left the farm earlier than agreed.

15. When the grievance mechanism was first established (2018), there was a small charge to use the number. However, this number was later replaced by a toll-free number.

No evidence was found of workers working against their will, or of contracted prison labor. Also, no evidence was found of workers being obliged to pay financial deposits. No evidence was found of workers having to hand in their original identity documents or farmer retaining workers' documentation, although on farms where farmers had written agreements with their workers, these agreements were usually kept on the farms with the workers not keeping a copy with them.

PMPKL's response:

*"PMPKL will continue to encourage the contracted farmers to sign written agreement with workers so as to ensure transparency in compliance to the ALP code. Written agreement template will be updated to include workers' rights on fair treatment and farmers will be made aware of the workers' rights for fair treatment. (In particular to mention that in case of end season payment, worker will be free to leave the farm without any disadvantage to them especially in payments of their wages and workers need not to arrange for replacements). Prompt Action reporting and Consequence Management will be in place accordingly"*

### Direct payment

At two farms (5%) evidence of indirect payment was found. Here, a total of ten workers were contracted and paid through crew leaders. According to the interviewees, the crew leaders did not receive any fees or extra payment for performing this work, unless they had more tasks than the other workers. Workers said they were paid the amount agreed with their crew leader and farmer. The crew leaders were workers themselves, and all workers involved were aware of the amounts agreed with the farmers.

### Analysis and priorities

PMPKL had identified indirect payment of workers via crew leaders as a potential risk of not meeting the standard. This was in line with evidence found by CU: on the two farms where crew leaders

were active, farmers did not pay their workers directly. In both cases the farmers were aware of the arrangements made between the crew leader and workers, but were not aware of the ALP requirement to pay workers directly. The relatively low awareness among farmers on this ALP principle suggests that additional efforts should be made to remind farmers of the need and reasons to pay their workers directly.

With regard to end-of-season payment, PMPKL considered this a risk only in cases where the worker did not consent to this form of payment. However, CU found evidence of workers being unable to leave their employment because they had agreed to end-of-season payment. Given that this form of payment is common among the contracted farmers base, PMPKL should reconsider its risk assessment for this issue, particularly in relation to involuntary labor. Nonetheless, it is noted that on the majority of farms where end-of-season payment was practiced (21 out of 26, i.e. 81%), workers were free to leave their job and would receive wages for the time they had worked.

## 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 15 (33%) of the farms visited by CU, at least one person handling green tobacco was not trained on avoidance of GTS. On six (40%) of these farms, the farmer was not aware of GTS, while on 13 (87%) of

these farms at least one worker was not aware of GTS. Consequently, the use of protective clothing was incomplete on most farms. On 11 farms (24%) not all persons handling green tobacco were wearing a complete set of required harvesting clothes (long sleeves, gloves, long pants). Shoes were missing most often<sup>16</sup>, as shown in the following table:

Protective harvesting clothing used	Number of farms (N=45)
Long sleeves	43 (95%)
Gloves	34 (75%)
Long pants	43 (95%)
Shoes	4 (8%)*

\* This number refers to farms where evidence was found of people handling green tobacco without wearing any shoes at all. On 13 other farms (28%), people wore open sandals or slippers. On the remaining farms, traditional shoes (more or less closed) were worn.

The various reasons given for not using the complete set of PPE are shown in the table below:

Reasons for not wearing PPE when handling green tobacco	Number of farms (N=11)
Farmer does not provide	4 (36%)
Unaware	3 (27%)
Uncomfortable	1 (10%)
Gloves do not allow for easy handling of tobacco	3 (27%)

On the two farms where CU's auditors were able to access evidence on PPE use by women, the latter were reported to string tobacco without using GTS gloves.

With regard to the PPE sets distributed as part of a PMPKL initiative (see Chapter 1.6), all farmers visited by CU mentioned to have received PPE kits from PMPKL. All farmers found this initiative useful. Five farmers (11%) specifically mentioned that the gloves were useful to protect them from GTS, indicating that they were aware of the risks of GTS. Six farmers (13%) mentioned savings in terms of costs, and four (9%) mentioned that the PPE protected them from getting ill when spraying chemicals. The remaining farmers mentioned that the PPE protected them from injuries or other issues.

PMPKL's response:

*"Beginning Q1 2020, GTS specific refreshers and trainings to farmers on GTS and use of protective gloves during green leaf handling will be organized in collaboration with PMPKL EHS team. Simultaneously, during farm monitoring, PMPKL field teams will ensure that all farm workers have access to GTS gloves for risk avoidance while handling green leaf. Social sustainability team will also initiate engagement with local Basic Health Units (BHUs) for support in enhancing awareness among farmers, sharecroppers, tenants & workers of the surrounding communities"*

### 2.5.2 Training and handling of CPA

On 22 farms (48%) not all persons handling or applying CPA were trained. Furthermore, on ten farms (22%) people responsible for CPA application did not use the complete set of PPE. In most cases they did not use the apron (ten farms), followed by goggles, gloves and masks (seven farms). The boots provided by PMPKL were used on all 45 farms. The main reason given for not wearing the complete PPE was that people forgot to do so, and in the case of the apron, that the apron was uncomfortable in warm weather conditions. No evidence was found

16. The traditional local clothing for males, as observed on almost all farms visited by CU, included long sleeved shirts and long pants.



of pregnant and/or nursing women involved in CPA application. Note that spraying was not observed during the farm visits.

At six farms (13%) the interviewees said that not all persons applying fertilizer would wear gloves.

Regarding CPA re-entry periods, CU found three farms (7%) where the farmer was not aware of the specific re-entry period for the CPA used. In addition, 28 farms (62%) had no warning sign available on farm.

In terms of CPA storage, CU found nine farms (20%) where CPA was not being stored correctly. The farms in question all had received CPA boxes from PMPKL, but were storing CPA containers on top of the box, rather than inside it. This was particularly true for larger farms where CPA were handled in various locations, either by workers or farmers themselves.

Empty CPA containers were incorrectly disposed of at five farms (11%): in all these cases, empty CPA containers were found in the field. On two additional farms (4%) the farmers buried empty containers in their fields. At all other farms, farmers were returning the empty CPA containers to the junior agronomists, who would take the containers to the field office for disposal. However, none of these farmers rinsed or punctured the empty bottles before handing them to the junior agronomists.

PMPKL's response:

*"Refreshers & trainings to farmers will be held throughout 2020 on proper handling & application of CPA to build farmers/workers understanding through communication material. PMPKL will ensure that all farmers provide access of CPA PPEs to workers. Workers' pre-season training on ALP will be done by a third party to enhance workers understanding. Monitoring and assessment will be implemented for follow up alongside consequence management and due diligence"*

### 2.5.3 Working at heights

On 43 farms (95%), barns were loaded/unloaded by climbing the walls without secure support (not even ladders). No evidence was found of accidents having occurred, and most of the farmers and workers did not consider this practice to be dangerous.

PMPKL's response:

*"Ensure awareness on proper use of secure support while working at height is included in training programs during the year"*

### 2.5.4 General safety measures

Only 16 farms (36%) had resources available in case of emergency. Nine farmers (56%) could provide transport to a medical facility; three (18%) had a first-aid kit; two (12%) had received first-aid training; and seven (43%) had contact details of healthcare providers. However, all farmers knew where to find the nearest health facility.

### 2.5.5 Workers' accommodation

Six of the farms visited by CU (13%) provided workers' accommodations. On five farms (83%) the accommodations did not provide secure storage with lockers; on three (50%) they were not free from rodents and other animals (chickens, dogs), and not free from electrical hazards; on four (66%) no toilets were available; on three (50%) no kitchen was available; and on five (83%) the available water was not free from contamination. Furthermore, none of the accommodations had a first-aid kit, but in all these cases a kit was available elsewhere on the farm. Only one (16%) farm did not have any electricity available.

PMPKL's response:

*"During farmers' registration for the crop 2020, PMPKL field team will revisit farmers who provide accommodation to sharecroppers / tenants & workers and due diligence process will be implemented before signing of contracts for the"*

*crop season 2020. Written consent will be signed from farmers for providing basic accommodation to workers / sharecroppers & tenants. By Q2 2020, PMPKL will also establish minimum accommodation standards and assess upgrades where required. Continuous monitoring based on these standards will be conducted every season and Prompt Action will be raised in case of non-compliance. Additionally, external verification by third party will be conducted in peak harvesting season 2020 to verify the actions taken by PMPKL"*

### 2.5.6 Clean drinking and washing water

On all farms, water from wells was available for both farmers and workers. However, on 21 farms (46%) farmers and workers mentioned that the water from their well was not safe enough to drink, and that drinking water had to be fetched from wells off the farm, or be purchased in bottles.

PMPKL's response:

*"Beginning Q1 2020, awareness sessions on the importance of clean drinking water will be conducted. Due diligence process to include assurance by farmer of availability of washing as well as drinkable water to all the workers engaged on the farms"*

#### Analysis and priorities

Based on their risk assessment, safe work environment was a focus area of PMPKL, particularly the observance of re-entry periods, awareness of GTS, and PPE use during green tobacco handling and CPA application. CU's farm findings show that not all farmers were aware of GTS and the risks associated with CPA application. Although gloves were used on most farms (75%), many workers were not aware of the need to use them. It was found that farmers were not always communicating the risks of not using gloves to their workers; some farmers also reported that they did not provide gloves to their workers because the latter would often take

these with them when they left at the end of the season.

An important discrepancy between PMPKL's risk analysis and CU's observations concerned working at height. At almost all farms visited, the loading and unloading of barns was done by people climbing the barn walls without using ladders or any secure support. Although no accidents had been reported, CU found this to be a risky practice.

PMPKL's response:

*"Awareness sessions will be conducted with farmers on general safety measures through PMPKL EHS (Rescue 1122). Communication of local emergency contact numbers will be carried out at contracted farms and first aid trainings will be organized in collaboration with EHS /Rescue 1122 on the farms"*

## 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 the workers' right to freedom of association. Labor unions for the agricultural sector were not active in the region. On two farms, there were workers who served as representatives of the other workers and who could discuss issues with the farmer on their behalf; however, no such discussions had ever taken place. Many farmers mentioned to have no problem with workers joining a union or a workers' group should they wish to.

## Analysis and priorities

This ALP Code Principle was identified as a low risk by PMPKL. This seems justified given the limited risk of violation of workers' right to freedom of association and the lack of active unions for tobacco workers in the region.

### 2.7 ALP Code Principle 7: Terms of employment

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

## Main findings and challenges

### 2.7.1 Information on legal rights and working conditions

None of the farmers with hired labor fully informed their workers about legal rights, including 26 farmers (62%) who did not provide any information at all. The main reason was that many farmers were unaware of the legal rights applying to their workers; in addition, most were unaware of their responsibility to inform their workers on these rights. The farmers who did inform their workers about legal rights mostly did this verbally (the template agreement did not include this information). However, on all farms visited, workers were informed about their employment conditions, such as hours, wages, and tasks to be performed.

#### PMPKL's response:

*"PMPKL will initiate project for workers pre-season training to enhance workers awareness on ALP. By law, legal rights are not defined for the farm workers however written agreements will be encouraged to ensure transparency of the farmers and workers responsibilities while working on the farms. To be conducted across Q1 to Q2 2020 and will be revisited annually"*

### 2.7.2 Written contracts and farmer-worker agreement template

On 22 (52%) of the farms with hired labor, farmers did not use written agreements for all their worker<sup>17</sup>. In 18 (81%) of these cases, the main reason was that both the farmer and workers were unaware of the need for written agreements; in 12 cases (54%) both the farmer and workers were illiterate. Among the 23 farmers (51%) who had received the farmer-worker agreement template from PMPKL, 18 (78%) had entered into a written agreement with their workers (see Chapter 1.6 for the further evaluation of this initiative).

#### PMPKL's response:

*"PMPKL will continue to facilitate the signing of written agreements between farmers & workers. PMPKL will also organize workers pre-season training & awareness, however, keeping literacy level in view, most preference is given to verbal contracts by farmers and hence 100% execution may not be possible in one year. PMPKL will continue to conduct this action plan annually from Q1 to Q4"*

## Analysis and priorities

Although PMPKL had not identified significant risks related to this ALP Code Principle for the 2019 crop season, the company had launched an initiative to distribute agreement templates among its contracted farmers in order to promote the use of written contracts. CU's farm findings demonstrate the importance of this initiative, as half of the visited farmers with hired labor did not to have written agreements with all their workers. In general, temporary workers were far less likely to receive a written agreement than permanent workers. Most of the farmers who had received the agreement template were using it (18 out of 23, i.e. 78%), showing that this initiative is worth to be continued to reach all farmers. Furthermore, efforts are needed to make farmers more aware of workers' legal rights and the ALP requirement that they inform their workers about these rights.

17. At the time of this assessment Pakistan labor law did not include the agricultural sector. As such, written contracts were not legally required for tobacco farm workers. However, PMPKL encouraged its farmers to enter into written agreements with their workers.



## Chapter 3

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



**EXTERNAL ASSESSMENT**  
Flue Cured Virginia farmers in Swabi and Mardan



As part of this assessment, CU asked farmers, family members and external workers what had changed at the farm since the start of the ALP program. Ten farmers (22%) reported that fewer children were involved in tobacco production since the start of the program. In addition, ten (22%) mentioned that safety on the farm had improved; 13 (28%) mentioned that PPE use had improved for both themselves and the workers. Nine farmers (20%) mentioned that their relationship with the workers had improved since the start of the program, with two (4%) specifically mentioning the value of written agreements to help in case of disputes, and one (2%) specifically mentioning the possibility for workers to access a fair and transparent grievance mechanism. Five farmers (11%) also mentioned improvements in crop quality since the start of the program.

Of the 37 family members interviewed, 13 (35%) had heard of the ALP Code. Four of them (30%) mentioned that fewer children were involved in tobacco production since the start of the program; two (15%) mentioned improved conditions for the workers, including accommodations and the possibility to speak out through the grievance mechanism; and seven (53%) mentioned improved use of PPEs, both for themselves and the external workers.

Of the 110 external workers interviewed, 14 (8%) had heard about the ALP Code. Three of them (21%) mentioned that they now had a written agreement with the farmer; eight (57%) mentioned that they now worked with PPE for GTS prevention and hence felt safer when working on the farm; and four (28%) mentioned that fewer children were involved in tobacco production since the start of the program.

Eleven farmers (24%) declared to have provided feedback to PMPKL: In five cases, the farmers had asked for a CPA box, but only three said to have received it. Three farmers had requested PPE gloves and all had received these. Two farmers had asked feedback regarding the fertilizer machine and both had been given satisfactory information.

One farmer had provided feedback regarding the clipsticks, mentioning that the wood was not of a good quality.

Overall, all farmers gave positive feedback regarding the junior agronomists, mentioning that they were mostly available whenever they needed something. Many of the junior agronomists were coming from the same villages or areas where the farms were located, which made it easier for them to establish good relationships with the farmers.

Finally, all the stakeholders (NGOs) interviewed appreciated their collaboration with PMPKL and hoped to continue their work together to be able to increase the reach and impact of the initiatives at the farms.

## Chapter 4

# APPENDICES



## EXTERNAL ASSESSMENT Flue Cured Virginia farmers in Swabi and Mardan

## Appendix I – PMPKL Action Plan

### PMPKL Action Plan

Philip Morris (Pakistan) Limited (PMPKL) welcomes the assessment of Agricultural Labor Practices (ALP) conducted by the Control Union on the Flue-Cured Virginia (FCV) tobacco growing operations in Swabi & Mardan districts of KPK. This is the first CU assessment taking place in PMPKL and the CU findings and observations will help PMPKL strengthen its current processes and identify potential areas of improvement.

PMPKL's objective is to ensure sustainability in the tobacco production while ensuring that the ALP program is being implemented on the farms of all the contracted farmers. Continuous improvement during all these efforts, remains key to help us overcome new challenges and cultural restrictions.

Since the inception of the ALP program in Pakistan in the year 2011, there has been a tremendous progress seen across the farmers' base on ALP awareness due the continuous efforts of PMPKL leaf team. This improvement has not only been achieved with the implementation of ALP program but a lot of changes have occurred in the local context with the advancement in social sector including spread of education, better communication means and increase in socio-political awareness of local communities during this decade. As 2018 was nearing its end, PMPKL adopted PMI's Step-Change approach focusing efforts towards the achievement of four global KPIs with a designated social sustainability team.

- No farmers involving children in hazardous activities by 2022
- All hired workers to be paid minimum wage by 2022
- All accommodations provided by farmers to workers are safe and clean by 2020
- All farmers and workers have access to personal protection equipment (PPE) for application of crop protection agents (CPA) and avoidance of Green Tobacco Sickness (GTS) by 2020

Based on risk assessment, ALP Step change initiatives for 2019 crop were established with greater emphasis on Child labor, Income & work hours, Safe work environment & Terms of employment alongside communication and awareness of ALP. The social sustainability team worked in close collaboration with internal as well as regional teams to ensure timely execution of step change initiatives.

PMPKL appreciates the CU's recognition of the company efforts in implementation of the ALP program and the adoption of step change approach, while acknowledging the areas of improvement highlighted during the assessment. Considering the unique situation of tobacco farms and regulations on crop, PMPKL continuously reviews its strategies and action plans to address the issues on the farms effectively and in continuation to the similar approach, PMPKL will utilize all possible means and resources to meet PMI vision on Social Sustainability and pave the way for ALP full compliance in the long run.



The following action plan is intended to address the concerns raised by Control Union.

## 1. Implementation of the ALP program

### **Commitment to the ALP program**

#### *Review ALP risk assessment document*

CU assessment observation: Few risks were not adequately categorized in the risk assessment document for 2019 such as: wages, overtime pay, farm safety at working height, washing facilities on tobacco farms and written agreements between contracted farmers.

Action plan: The “ALP Risk Assessment” document will be reviewed to include updated mitigation plan for the risks mentioned in the audit observation. Although these risks were already included in the 2019 document, the risk level however will be reviewed in light of the CU assessment findings with remedial action in place. This revision will be conducted in Q1 2020 and will be updated annually by the Manager Social Sustainability. Additionally, this document will also be reviewed by the Country Steering Committee. Communication to field teams and discussions on the updated risk assessment will be held before the start of the crop season 2020. Internal monitoring of these risks will be done through field teams and un-announced visits conducted by the social sustainability team. External third party verification will be also conducted to verify the risks identified in the assessment.

### **Root cause analysis**

#### *Adequate root causes of the issues following prompt actions*

CU assessment observation: Root Cause Analysis not adequate since they only describe the immediate cause of the problem reported.

Action plan: The Manager Social Sustainability and the Manager Agronomy and Production will ensure that 100% of the Agronomists and junior agronomists are trained. The program will start in Q1 2020 with the recording of appropriate root causes including complete details and assessments post training to reinforce learning. The training will include case studies discussions to make it more practical and effective. In addition, thorough discussion on all the risks identified in the ALP Risk assessment document and Severity Matrix will be held with the junior agronomists. This action plan will be implemented annually during first to third quarter of the year.

Random check of Prompt Actions in each crop stage by a third function will be conducted to verify that the root causes are addressed through the right corrective action. Third function verification means other than the same field teams will do verification to ensure accuracy of field verification. Additionally, an analysis will be conducted by Manager Social Sustainability on the effectiveness of the actions taken based on the root causes identified during the Prompt Actions reporting process.

As successful execution of multi-dimensional tasks mainly depends on the capability of the field teams, their educational background and analytical skills to carry out in-depth study of the issues, capability enhancement will also be triggered to develop the teams simultaneously.



## Internal capability

### *Training and knowledge of the ALP program*

CU assessment observation: Junior Agronomists (JAs) were found to have adequate knowledge of all principles but not completed for Principles 2, 5 and 7 (Income & work hours, Safe work environment and Terms of employment).

Action plan: Refresher trainings to be provided to all JAs on ALP Code with particular focus on Income & work hours, Safe work environment and Terms of employment. Post-training assessments will be carried out to reinforce and gauge learning. These trainings will be conducted in Q4 2019 and Q1 2020 and will be continued annually before the start of each crop season with the goal to develop teams fully equipped to effectively implement ALP program on contracted farms.

In addition, the social sustainability team will conduct joint field visits with the JAs during peak activity season to provide guidance on the best practices monitoring of these principles. Quarterly review and analysis of the issues identified in farm monitoring will be discussed with the JAs during the monitoring sessions to further align the understanding and address these issues effectively.

Agronomists will be responsible to ensure capability building and end-year performance reviews of JAs with Performance Improvement Plans in place where necessary.

## Communication of the ALP Code requirements to farmers

### *Communication strategy and tactics*

CU assessment observation: Illiterate farmers could not always recognize the principles by looking at the pictures of the brochures: E.g. CPA booklet did not mention the need to return empty CPA containers to Junior Agronomists

In addition, no space in the Farmer / worker agreement was available for recording the worker's age; for persons under 18 years who are not allowed to work in the field, the specification "non-adult" is mentioned instead of "children under 18". The agreement also does not contain an overview of the workers' legal rights and benefits.

Action plan: In-depth analysis of current visuals to be conducted to assess the gaps. Enhanced and clear visuals to be used in content post review. To ensure that farmers have adequate understanding of ALP principles, follow up by third function (other than Sustainable Agriculture) will be carried out to check farmers understanding on the visuals including written acknowledgments for documentation and verification. This will be conducted from Q1 to Q3 2020, by the Manager Sustainable Agriculture, Agronomy & Production and Social Sustainability and will be continued annually. Company will encourage contract execution with farmers having adequate literacy level (in case of new farmers).

A Sustainable Tobacco Production (STP) guide will be developed to replace CPA booklet mentioning the returning of CPA empty containers. To be initiated in Q2 2020 by the Manager Sustainable Agriculture and the Manager Agronomy & Production.

Template of written agreement between contracted farmers & workers will be updated in Q1 2020 by the Supervisor Sustainable Agriculture (Social).

## Internal monitoring: Data collection, accuracy and addressing issues

### *Socio-Economic data: Farm Profiles*

CU assessment observation: Incomplete farm profile information was reported, mainly related to farm tasks. In almost half the cases, farms information available did not correspond to the actual situation on the farms.

Action plan: Conversion to electronic data recording through GMS tool which was piloted in 2019. Accuracy of data and assessment of JAs capability to be cross-checked by third function teams other than sustainable Agriculture. This will be done for next crop year, starting Q1 2020 onwards.

### *Systematic monitoring: situations not meeting the ALP Code standards*

CU assessment observation: Farm profile had a section for recording 'Situations Not Meeting the Standard' but there was no separate monitoring form. Management & Junior Agronomists were not fully aware of the function of monitoring.

Action plan: In 2020, PMPKL plans to monitor 100% of its contracted farmers for compliance with all seven ALP principles. JAs will visit contracted farmers during all the crop stages in order to provide ALP training and awareness raising, monitor compliance with the ALP principles and address issues to ensure continuous improvement. PMPKL Social Sustainability team will develop separate farm monitoring form in GMS starting Q1 2020 including provision for corresponding specific actions agreed with farmers against each Prompt Action / non conformity to check & address the issues. Trainings / Refreshers on Farm Monitoring sheets and data collection will be provided to the Junior Agronomists & Agronomists. To assure accurate GMS data collection by JAs, unannounced visits will be conducted by third function & Social sustainability team which will provide additional visibility. PMPKL plans to conduct unannounced visits on 5% randomly selected farms. Evaluation of Farm Monitoring results will be carried out and discussions will be carried out with JAs to provide support in enhancing their understanding. For continuous improvement, PMPKL will continue to follow up this action plan each year during the crop.

### *Prompt Actions*

CU assessment observation: Junior Agronomists were found unable to clearly define Prompt Action. 2 farmers mentioned to be unaware of any Prompt Action raised on their farms.

Action plan: PMPKL has decided to reinforce training on Prompt Actions to all the JAs through discussions and role play to ensure that JAs understand the difference between Prompt Action issues and other Non-conformance of the ALP that does not necessarily require raising a Prompt Action. Periodic evaluation of their knowledge will be conducted, particularly on the global guidelines on Prompt Action process, and follow up actions to further improve their understanding. Agronomists will be responsible to ensure capability building and end-year performance reviews of Junior Agronomists with Performance Improvement Plans in place where necessary.

Additionally, a section in Prompt Action template will be included to take acknowledgment from sharecroppers & tenants along with the concerned farmers on Prompt Action form. This step will further improve the awareness of responsible persons regarding the code violation on their farms. Written acknowledgment will be taken from all the farmers / sharecroppers and tenants with whom Prompt Actions have been reported. To be conducted across first to third quarter 2020 and will be performed annually.

### *Data Management and Analysis*

CU assessment observation: Paper based data collected by different people was not always available or adequately integrated to provide a clear picture of the farm situation.

Action plan: Data recording and retrieval will be accomplished electronically through the GMS tool. Random checks will be carried out by internal functions other than Sustainable Agriculture to check the accuracy of data. Additionally, data analysis will be conducted for each crop stage i.e. Seed beds, field and curing to check the effectiveness and accuracy of the tool. This will not only reduce time on data retrieval but will also enable timely interventions if required. This action plan will be conducted Q1 2020 onwards on all PMPKL contracted tobacco farms.

### Child Labor

#### *Children working and activities performed*

CU assessment observation: Evidence of children below 18 engaging in hazardous activities was found on 9 (20%) farms and lack of awareness amongst farmers on hazardous tasks was observed on an additional 7 (15%) farms. In one instance, a child was helping his father pick up leaves and in another instance helping mother with stringing activities.

Action plan: PMPKL to take strict action to address identified concerns and issues as part of its commitment to eliminate Child Labor. Due diligence will be performed to ensure non-renewal of farmer contracts violating this Principle. In addition to this, refresher training will be conducted for farmers to reinforce awareness on minimum age of employment. PMPKL will also ensure that enhanced awareness materials on hazardous activities are disseminated to all farmers / sharecroppers and tenants. Similarly, awareness on risk to children as well as minimum age for light work will be part of the action plan in line with ALP code.

Additionally, PMPKL will continue and enhance off-farm activities to avoid exposure of children to farm tasks. Manager Sustainable Agriculture, Manager Social Sustainability and Supervisor Sustainable Agriculture as well as Agronomists and Junior Agronomists will all be tasked to ensure implementation and follow up. Other measures to be taken include:

- Awareness raising on farm hazards to be included in the summer-school project activities. Programs to engage adolescents in useful skill learning activities will be used as a tool to avoid their exposure to farm hazards.
- Demonstrations with mechanized stringing machines to eventually replace conventional stick tying.
- Due to cultural barriers, women aren't part of training even though they participate in farm activities. The company has engaged third party female trainers to train women in the farms. These trainings will focus on creating awareness amongst mothers about farm hazards due to exposure to green leaf handling and its impact on children.
- Develop Risk Criteria for non-compliance and identify farms potentially at risk in terms of children exposure to farm tasks. Sessions will be conducted with these farmers on the risks to children and importance of avoiding it. These sessions will be a regular focus during the farm visits.
- Review and update the communication materials used to communicate hazards on the farms to make them more impactful.

These actions will be conducted across Q1 to Q3 2020 and repeatedly on an annual basis with random unannounced visits by internal teams other than Sustainable Agriculture for verification.

## Income and Work Hours

### *Payment of Workers*

CU assessment observation: Isolated incidents of at least one worker on some of the farms not being paid at least the minimum wage stipulated by PMPKL.

Action plan: Due diligence will be initiated before signing of farmers contracts for crop 2020 and written consent from farmers to acknowledge payment of at least minimum wage to workers.

In addition, awareness raising and communication will be carried out to all contracted farmers and sharecroppers/ tenants on the applicable legal minimum wage.

PMPKL will ensure to provide more support to JAs in building their understandings on minimum wages and translation to farmers for creating further awareness. This will be accomplished through accompanying JA in field visit and discuss case by case situations on the farms to see how effective farm monitoring is carried out in terms of minimum wage. This will be followed by post-visit discussions to test the understanding.

PMPKL contracted farmers will be encouraged to sign written agreements with workers to ensure that farmers are aware of both their rights and obligations ensuring transparency in compliance with the ALP code requirements. In addition, awareness raising and communication to female workers will be carried out by female trainers. As a follow up, On-farm assessment will be carried out through third party contractual resources and third function (internal leaf teams other than Sustainable Agriculture) to verify execution of action plan.

Consequence management will be also conducted leading to non-renewal of contracts for the next crop based on PAs reported.

### *Work Hours*

CU assessment observation: On two farms with hired labor, workers were found to be working more than eight hours a day. None of the workers were paid for overtime hours.

Cases of some workers not receiving at least one day off per week throughout the harvesting season.

Action plan: Awareness raising and communication will be carried out to farmers on the legal working hours with separate sessions for female workers. Ongoing Monitoring and assessment to verify.

Consequence management for non-compliance on the farms will be carried out as per severity matrix. PMPKL will continue to implement the action plan annually across Q1 to Q3.

### *Legal Benefits*

CU assessment observation: Food is generally provided on the farms but on some farms workers reported that they were not given food during religious and government holidays. Social security is not provided in any case.



Action plan: As an informal sector, where social security is not practiced, ALP team will assess the situation and work with internal Legal and External Affairs teams on the feasibility on how best to implement social security to farmers' workers. Feasibility study results will be completed by end of 2020 along with corresponding plans.

## Fair Treatment

### *Treatment of Workers*

CU assessment observation: Evidence of verbal abuse was found on one farm (a farmer shouted to his worker for not wearing GTS gloves).

Action plan: Highlight importance of treating workers with respect during refresher training with contracted farmers on ALP code. Prompt Action & consequence management will be in place for non-renewal of farmer's contract in future. Along with the above, farm workers will be encouraged to raise grievances through ALP support line. To be conducted across Q1 to Q4 2020.

### *Support Mechanism*

CU assessment observation: Not all workers were aware of the support mechanisms. Of those who were aware, none of them had used it so far, mainly because they had no issues to report.

Action plan: Communication to farmers / workers will be carried out by the implementing partner, field teams and third party contractual resources. Posters showing the steps of support mechanism process will be displayed at farms for communication to workers / farmers. In addition, toll free line number will be communicated to workers through pocket size cards so that they can have easy access to the support line. PMPKL will implement these actions in Q2 2020 and will revisit in 2021 to review progress.

## Forced Labor and Human Trafficking

### *No evidence of involuntary labor*

CU assessment observation: In some cases, workers were unable to leave their employment if they wanted to receive their wages.

Action plan: PMPKL will continue to encourage the contracted farmers to sign written agreement with workers so as to ensure transparency in compliance to the ALP code. Written agreement template will be updated to include workers' rights on fair treatment and farmers will be made aware of the workers' rights for fair treatment. (In particular to mention that in case of end season payment, worker will be free to leave the farm without any disadvantage to them especially in payments of their wages and workers need not to arrange for replacements). Prompt Action reporting and Consequence Management will be in place accordingly.

## Safe Work Environment

### *Training and Awareness of GTS*

CU assessment observation: Incomplete awareness of GTS and not all handlers were trained on avoidance. Use of protective clothing was incomplete on most farms (24%).

Action plan: Beginning Q1 2020, GTS specific refreshers and trainings to farmers on GTS and use of protective gloves during green leaf handling will be organized in collaboration with PMPKL EHS team. Additionally, PMPKL will reiterate to farmers their responsibility to ensure that workers understand the risks of GTS and steps they need to take to protect themselves from GTS including provision of proper PPEs. Simultaneously, during farm monitoring, PMPKL field teams will ensure that all farm workers have access to GTS gloves for risk avoidance while handling green leaf. Social sustainability team will also initiate engagement with local Basic Health Units (BHUs) for support in enhancing awareness among farmers, sharecroppers, tenants & workers of the surrounding communities.

Farmers and workers understanding will be enhanced through communication materials. PMPKL will also initiate workers pre-season training on ALP through third party. Monitoring and assessment will be carried out to verify the effectiveness of trainings/ refreshers. Moreover consequence management & due diligence will be carried out before contract signing with farmers.

#### *Training and handling of CPA*

CU assessment observation: Not all workers handling or applying CPA were trained. Consequently, the use of PPEs was incomplete. Not all farms had warning signs. Improper storage and incorrect disposal of containers was also observed.

Action plan: Refreshers & trainings to farmers will be held throughout 2020 on proper handling & application of CPA to build farmers/workers understanding through communication material. PMPKL will ensure that all farmers provide access of CPA PPEs to workers. Workers' pre-season training on ALP will be done by a third party to enhance workers understanding. Monitoring and assessment will be implemented for follow up alongside consequence management and due diligence.

#### *Working at Heights*

CU assessment observation: In most of the cases, no secure support or ladder was used. No evidence was found of accidents having occurred, and most of the farmers and workers did not consider this practice to be dangerous.

Action plan: Ensure awareness on proper use of secure support while working at height is included in training programs during the year.

#### *Worker Accommodation*

CU assessment observation: Inadequacies were found in the accommodations provided. Observations in some cases included missing facilities such as secure storage, kitchen, toilet and limited access to water. No first-aid kit was available inside the accommodation (however, in all these cases a kit was available elsewhere on the farm). One accommodation did not have any electricity available.

Action plan: During farmers' registration for the crop 2020, PMPKL field team will revisit farmers who provide accommodation to sharecroppers / tenants & workers and due diligence process will be implemented before signing of contracts for the crop season 2020. Written consent will be signed from farmers for providing basic accommodation to workers / sharecroppers & tenants. By Q2 2020, PMPKL will also establish minimum accommodation standards and assess upgrades where required. Continuous monitoring based on these standards will be conducted every season and Prompt Action will be raised in case of non-compliance. Additionally, external verification by third party will be conducted in peak harvesting season 2020 to verify the actions taken by PMPKL.

### *Clean Drinking and Washing Water*

CU assessment observation: On almost all farms, water from wells was available for both farmers and workers. Not all workers had access to clean or safe drinking water. In few cases, drinking water had to be fetched at times from wells off the farm.

Action plan: Beginning Q1 2020, awareness sessions on the importance of clean drinking water will be conducted. Due diligence process to include assurance by farmer of availability of washing as well as drinkable water to all the workers engaged on the farms. Farm by farm monitoring will be carried out by Junior Agronomists during first to third quarter to verify whether the source of water is safe for drinking or not.

### *General Safety Measures*

CU assessment observation: All farmers knew where to find the nearest medical facility. However, not all farms had resources available in case of emergency or provision of transportation to nearest medical facility. Very few farmers had first-aid kits and not all farmers had contact details of healthcare providers.

Action plan: Awareness sessions will be conducted with farmers on general safety measures through PMPKL EHS (Rescue 1122). Communication of local emergency contact numbers will be carried out at contracted farms and first aid trainings will be organized in collaboration with EHS /Rescue 1122 on the farms where accommodation is provided to workers & sharecroppers/tenants during Q1 and Q2 2020.

## **Terms of Employment**

### *Information on Legal Rights*

CU assessment observation: None of the farmers with hired labor had fully informed their workers about legal rights.

Action plan: PMPKL will initiate project for workers pre-season training to enhance workers awareness on ALP. By law, legal rights are not defined for the farm workers however written agreements will be encouraged to ensure transparency of the farmers and workers responsibilities while working on the farms. To be conducted across Q1 to Q2 2020 and will be revisited annually.

### *Written agreement between Farmers & Workers*

Audit observation: Not all farmers use written agreements for all their hired workers

Action plan: PMPKL will continue to facilitate the signing of written agreements between farmers & workers. PMPKL will also organize workers pre-season training & awareness, however, keeping literacy level in view, most preference is given to verbal contracts by farmers and hence 100% execution may not be possible in one year. PMPKL will continue to conduct this action plan annually from Q1 to Q4.

## Appendix II – Scope and methodology

### Assessment team

The team responsible for conducting this assessment consisted of three auditors from Pakistan, one coordinator from Italy and one coordinator from Brazil. The auditors conducted farm assessments, interviewed the junior agronomists and field technicians, and were accompanied by one of the coordinators during most of the visits. The coordinators were not able to accompany the auditors on all field days, because the areas covered in this assessment had strict security measures in place for visiting foreigners. The coordinators interviewed PMPKL management and senior field staff (including the agronomists and Green Leaf Supervisor). Both the auditors and coordinators had been trained by Verité and CU before the assessment. 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; and
- Two-day preparation training by CU directly prior to starting the field visits.

### Desk review

Prior to this assessment PMPKL was requested to send documentation to CU to give the assessment team a better idea of the market characteristics and the management systems that were in place. PMPKL 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.

### Opening meeting

On 18 June 2019, CU started the assessment with an opening meeting at PMPKL's head office in

Islamabad, Pakistan. This meeting was attended by PMPKL's Head of Leaf and the Social Sustainability team including the ALP Coordinator, the Supervisor Sustainable Agriculture and the Manager Sustainable Agriculture. Other members of the ALP Country team also joined, including the Manager Agronomy and Production, the Manager Leaf Planning, the Leaf Controller, the Manager Regulatory Affairs, and the Supervisor EHS. Furthermore, the meeting was attended by three representatives from PMI Regional. CU presented the objectives and approach of the assessment, while PMPKL provided a brief overview of the market and company background.

### Methodology for ALP implementation system review

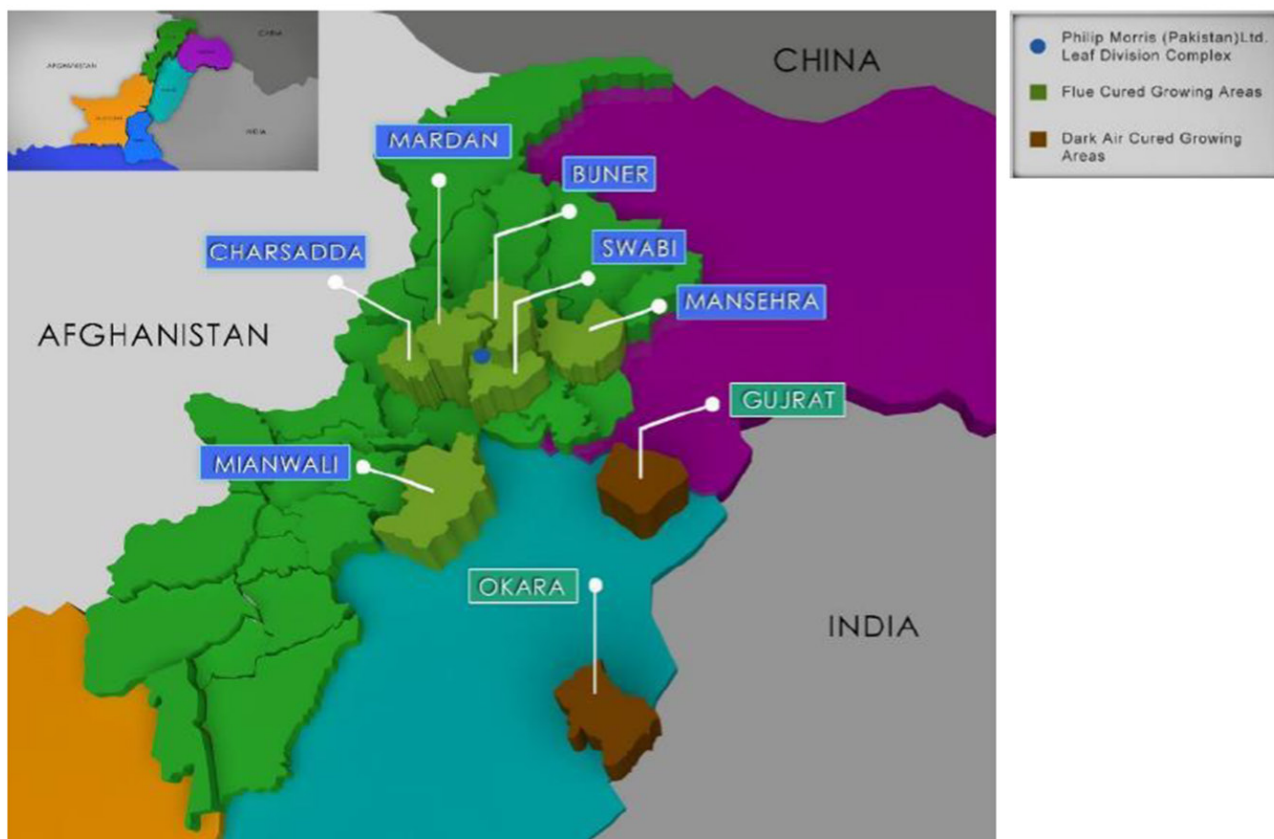
The methodology used for the evaluation of PMPKL's implementation of the ALP Program was based on the widely used PDCA<sup>18</sup> cycle. This cycle is a management method for the continuous improvement of processes and products. CU spent one and a half days (18 and 19 June 2019) at PMPKL's head office to interview management staff, analyze documentation and evaluate PMPKL's systems to better understand how the implementation of the ALP Program was organized. In total, CU interviewed ten management personnel, 23 field personnel (15 junior agronomists, five field technicians, two agronomists and one senior field staff), seven NGO representatives, and three representatives of PMI Regional.

### Scope and farm sampling

This assessment focused on FCV farmers located in the Mardan and Swabi regions in northern Pakistan (see graph below). The two regions were considered homogenous and comparable based on farm size, geographical spread, language spoken and cultural aspects, and were therefore assessed together within the same scope.

18. Plan, Do, Check, Act





Scope of assessment: FCV farmers in in the Swabi and Mardan regions in northern Pakistan. Source: PMPKL.

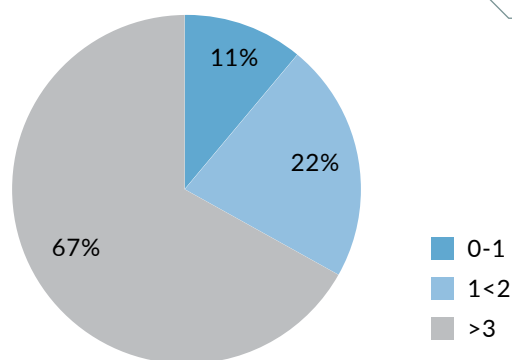
In the two regions assessed (Swabi and Mardan), the majority of the farmers grew an average of three hectares of tobacco contracted by PMPKL (see graph below). The majority of the farmers leased the land they farmed.

In the assessment area, PMPKL had contracts with approximately 1,850 FCV farmers. To constitute a meaningful sample CU needed to visit at least 43 farms, which is calculated as the square root of the total number of farms within the scope, In total, CU visited 45 farmers, which were either sampled randomly or selected based on the following criteria:

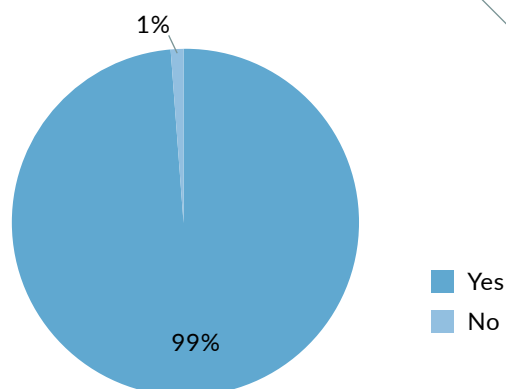
- Geographic spread; and
- Farm size: different farm sizes selected to ensure diversity, but focus on the larger farms to ensure labor practices could be assessed.

Over a period of two weeks, CU visited an average of six farms per day, with a reporting day after each field day. The graphs below provide demographic information about the selected farms.

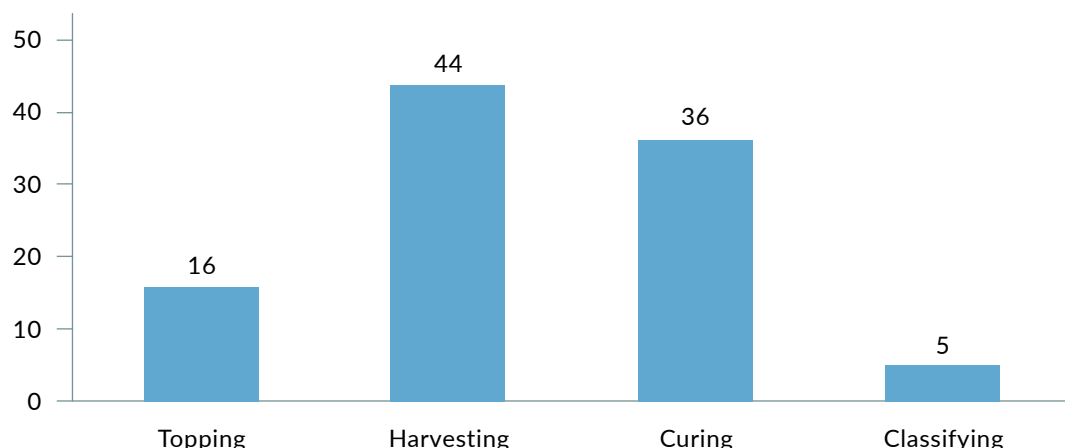
**Farm size (ha) contracted by PMPKL**



**Previously contracted by PMPKL**



### Stage of tobacco production



### Farm composition



CU informed PMPKL about the names of the selected junior agronomists and selected farmers the same day the visit would take place. 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. CU conducted 44 visits (98%) unannounced. At one farm, the farmer had been informed about the visit and its objectives prior to CU’s arrival. In the visit which had been announced, the farmer had heard about CU team being present in the area and warned his workers of auditors potentially be visiting the farm. This was considered an isolated case not affecting the total sample and results.

#### Limitations on interviews during farm visits

In this assessment, it was not possible for CU auditors to interview any female workers or female family members during the farm visits, nor to enter

the family premises where women were present. This was due to local cultural norms which did not allow people unfamiliar to the farmer and his family to speak directly to women. At the time of CU’s visit, PMPKL had just launched an initiative aimed at facilitating direct communication with women and collecting information on the farmers’ household composition and farm tasks conducted by women (see Chapter 1.6). As this initiative followed a careful approach to build trust and gain access to the farmers’ households, PMPKL requested CU not to include women in the interview sample in order not to jeopardize the initiative or the personal security of CU staff during the visit. Collection of information on women’s employment conditions was possible only by triangulating information from farm records (where available) with information provided by workers and other stakeholders (e.g. NGOs).

It is acknowledged that the exclusion of women from the interview sample has limited CU's ability to access information and identify, within the households, any situations not meeting the standard.

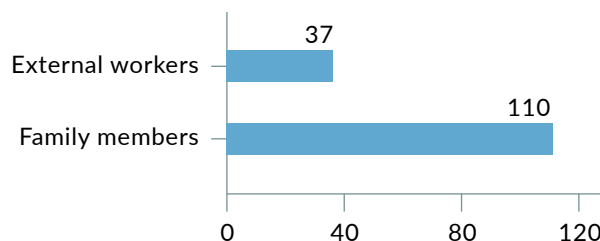
**Methodology for ALP farm practices review**

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, workers and or crew leaders. 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 Why's" 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 PMPKL's management systems at the farms, to assess how these were perceived by the field technicians, junior agronomists, farmers, family members, and other people working at the farms.

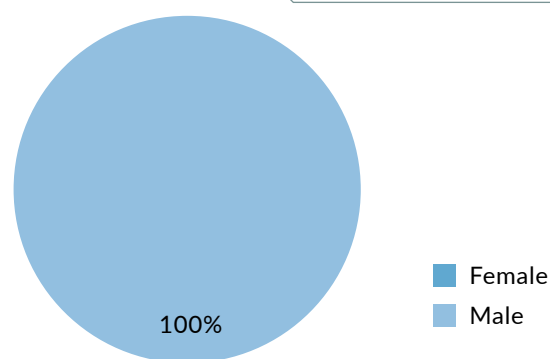
**People interviewed**

Wherever possible, interviews with family members and workers were conducted individually and without the presence of the farmer, to avoid undue bias. For the same reason, all interviews with farmers were conducted without the presence of the junior agronomist.

In total, CU interviewed 45 farmers, 37 family members and 110 workers. Demographic information on the family members and external workers interviewed is shown in the graphs below:

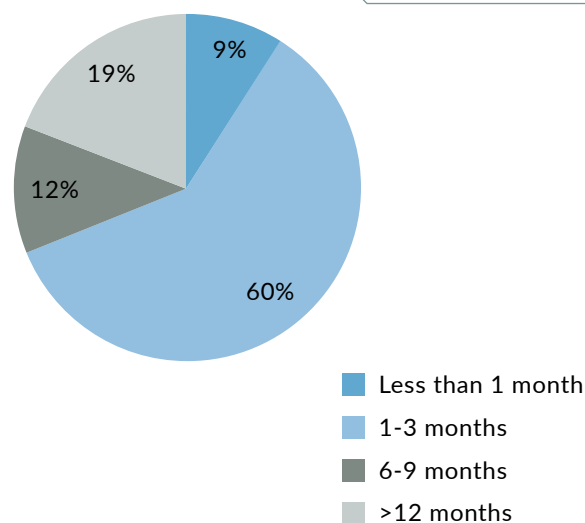


**Gender**



Duration of employment of hired workers (110 workers interviewed in total).<sup>19</sup>

**Duration of employment**



19. Workers employed for more than nine months were also involved in other activities besides tobacco growing, as the Pakistan tobacco season lasts no more than 8-9 months.

### Closing meeting

On 30 July 2019 a closing meeting took place in Islamabad. As with the opening meeting, the closing meeting was attended by the Head of Leaf and PMPKL's Social Sustainability team including the ALP Coordinator, the Supervisor Sustainable Agriculture and the Manager Sustainable Agriculture. Other members of the ALP Country team also joined, including the Manager Agronomy and Production, the Manager Leaf Planning, the Leaf Controller, the Manager Regulatory Affairs and the Supervisor EHS. Furthermore, representatives of PMI OC and PMI Regional joined the meeting by conference call.

CU presented the initial findings and PMPKL requested clarification of certain items. A constructive discussion took place on several topics. Overall, CU's findings were considered a useful base for taking action to improve the implementation of the ALP Program.

### Reporting procedure

During the assessment, auditors reported after each field day to the coordinator. This person 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, PMPKL reviewed the report to verify that all the information was correct, and to finalize their action plan that was based on this report.<sup>20</sup>

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20. 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

### Principle 1 – Child Labor

#### Summary

ALP MEASURABLE STANDARDS	MARKET LEGAL STANDARDS			COMMENTS
	MATCHES	EXCEEDS	OPPOSES	
Minimum age for admission to work is not less than age for completion of mandatory schooling	-	-	√ Pakistani law prohibits employment of children below the age of 14	Compulsory education per the Constitution is until the age of 16 but the provincial law allows admission to work from the age of 14.
In any case, minimum age for admission to work is not less than 15 years OR the minimum age provided by law, whichever offers greater protection			√	
No person under 18 involved in hazardous work	√			<ul style="list-style-type: none"> <li>• Pesticides law prohibits anyone below the age of 18 to handle or use pesticides.</li> <li>• Provincial law prohibiting employment of Children prohibits anyone between the age of 15 and 18 to perform any hazardous work. Tobacco farming is not specifically mentioned, however due the risk of potentially contracting green tobacco sickness, it is likely that tobacco farming would also be qualified as hazardous work.</li> </ul>
A child may only help on the family farm if it is light work AND if the child is between 13-15 years OR above the minimum age for light work defined by law, which ever affords greater protection			√	Provincial law allows a child not below the age of 12 years to be engaged in light work.

### Applicable laws

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- Constitution of Pakistan - <http://www.pakistani.org/pakistan/constitution>
- Khyber Pakhtunkhwa Prohibition of Employment of Children Act, 2015 - [http://kp.gov.pk/uploads/2016/02/11.\\_Prohibition\\_of\\_Employment\\_of\\_Children\\_Act,\\_2015\\_.pdf](http://kp.gov.pk/uploads/2016/02/11._Prohibition_of_Employment_of_Children_Act,_2015_.pdf)
- The Khyber Pakhtunkhwa Free Compulsory Primary and Secondary Education Act, 2017 - <http://www.pakp.gov.pk/2013/wp-content/uploads/food-athourity0001.pdf>

### Your answer

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#### Minimum age for employment (in tobacco)

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- In KPK<sup>21</sup>, the minimum age for employment of a child is fourteen years and it is prohibited for anyone below the age of 18 to work in any hazardous work, tobacco farming is not specifically mentioned, however due the use of pesticides and the risk of potentially contracting green tobacco sickness, it is likely that tobacco farming would also be qualified as hazardous work.

#### Age (or ages) limits for compulsory schooling

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- Free and compulsory education is required to be provided by the Government to all children of the age 5 to 16<sup>22</sup>.

#### 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

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- As per Khyber Pakhtunkhwa Prohibition of Employment of Children Act, 2015 anyone below the age of 18 is prohibited from being employed in any hazardous work. As such, tobacco farming is not specifically included, it is likely to be deemed as hazardous due to the use of pesticides on farm and the risk of children contracting green tobacco sickness.

#### Requirements applying to farmers' own children or other family members such as nieces and nephews helping on the farms

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- In KPK, the law allows a child (not below the age of 12 years) to be engaged in light work, alongside a family member, for a maximum of two hours per day mainly for the purpose of acquiring skills, in a private undertaking, or in any school established, assisted, or recognized by Government for such purpose. However, the law prohibits employment of a child in any hazardous work<sup>23</sup>.
- A family member for this purpose includes the individual, the wife, or husband, as the case may be, of such individual, and their children, brother or sister of such individual<sup>24</sup>.

21. Section 3 of the Khyber Pakhtunkhwa Prohibition of Employment of Children Act, 2015

22. (a) Article 25A of the Constitution of Pakistan and section 3 of the Khyber Pakhtunkhwa Free Compulsory Primary and Secondary Education Act, 2017

23. Section 3 of the KPK Prohibition of Employment of Children Act, 2015

24. As defined in the applicable provincial laws on restriction of employment of children.

Other restrictions or requirements on the employment of workers under 18 years (e.g. limit on work hours, work permits, etc.)

(Not applicable on farmers, quoted as reference for good practice only)

- In KPK<sup>25</sup>
  - The working hours of an adolescent (14-18) shall not exceed 7 hours.
  - Except with the permission of the Government, no woman or young person shall be employed in any establishment otherwise than between the hours of 8:00 a.m. and 7:00 p.m.

## Principle 2 – INCOME AND WORK HOURS

### Summary

ALP MEASURABLE STANDARDS	MARKET LEGAL STANDARDS			COMMENTS
	MATCHES	EXCEEDS	OPPOSES	
Wages of all workers meet, at a minimum, national legal standards or agricultural benchmark standards.	N/A	N/A	N/A	Wages law only applies to non-management employees of a factory and/or a commercial establishment and not to tobacco farmers.
Wages of all workers are paid regularly, at a minimum, in accordance with the country's laws.	N/A	N/A	N/A	
Work hours are in compliance with the country's laws.	N/A	N/A	N/A	
Excluding overtime, work hours do not exceed, on a regular basis, 48 hours per week.	N/A	N/A	N/A	
The Overtime work hours are voluntary.	N/A	N/A	N/A	
Overtime wages are paid at a premium as required by the country's laws or by any applicable collective agreement.	N/A	N/A	N/A	
All workers are provided with the benefits, holidays, and leave to which they are entitled by the country's laws.	√			The local labour laws define various benefits for workers, however except for social security such benefits are not applicable on farmers. In practice there is no process or practice for payment of social security to farm workers.

25. Section 8 of the KPK Shops and Establishment Act, 2015

## Applicable laws

### Your answer

Laws on regular and overtime wages including laws on in kind payment (e.g. minimum wages, minimum wages agreed with unions, agricultural wage benchmark standards). If a minimum monthly wage is referenced, please indicate how many hours this wage represents

(Not applicable on farmers, quoted as reference for good practice only)

- In KPK<sup>26</sup>, where an employee works more than 48 hours in a week, then the employee shall be paid twice the rate of his salary for the overtime. Although the KPK Shops and Establishment Act, 2015 specifies that employee means any person employed whether directly or otherwise, about the business of an establishment for the owner or occupier thereof, even though he receives no reward or remuneration for his labour, but does not include a member of the employer's family;
- The minimum wage for KPK is PKR 15,000 per month (approximately USD 105) for adult and adolescent (14-18) workers.
- Workers are granted days off on festival holidays as declared by the Federal Government for the year. Additionally, every worker is entitled to enjoy all such holidays with pay on all days declared and notified by the Government. If however, a worker is required to work on any festival holiday, one day's additional compensatory holiday with full pay and a substitute holiday shall be awarded<sup>27</sup>.
- There is no specific law in Pakistan that deals with 'payment in kind' however, all payment of wages should be paid in current currency through a scheduled bank<sup>28</sup>.

Wage and hours laws specific to piece rate workers, temporary workers, and migrant workers

(Not applicable on farmers, quoted as reference for good practice only)

- There is no specific law on the wages of piece-rate workers.
- However, a piece-rate worker may work for a maximum of 48 hours in a week and their wages are in accordance with the prevalent minimum wage <sup>29</sup>.
- Temporary workers in factories are allowed to work a maximum of 50 hours in a week with wages in accordance with the prevalent minimum wage<sup>30</sup>.
- There is no specific law in relation to migrant workers however, in practice; their wages are in accordance with the prevalent minimum wage.

Other specific rules applicable to migrant workers including any legal requirements to ensure they are legally permitted to work

- Any illegal immigrant must make an application to the Government to be registered in the National Database and Registration Authority. The law prohibits employment of illegal immigrants and imposes a penalty of imprisonment and fine or both on any person who contravenes the said Act<sup>31</sup>.
- Migrant workers need to obtain/possess a work permit to be able to work in Pakistan<sup>32</sup> which is extendable on a yearly basis by the Ministry of Interior.

26. The KPK Shops and Establishment Act, 2015

27. As per the relevant provincial laws on factories

28. KPK Payment of Wages Act, 2013

29. The KPK Industrial and Commercial Employment (Standing Orders) Act, 2013

30. Under the KPK Factories Act, 2013

31. Foreigners Act, 1946

32. Emigration Ordinance, 1979



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

(Not applicable on farmers, quoted as reference for good practice only)

- The law specifies that wages of every person employed in a factory or industrial establishment in which less than one thousand persons are employed, all workers shall be paid before the expiry of seventh day, after the last day of the wage-period in respect of which the wages are payable. For any other railway, factory or industrial establishment, all workers shall be paid before the expiry of the tenth day, after the last day of the wage-period in respect of which the wages are payable<sup>33</sup>.

Laws on regular and overtime hours (e.g. maximum work hours, requirements for overtime hours to be voluntary)

(Not applicable on farmers, quoted as reference for good practice only)

- In KPK<sup>34</sup>:
  - No employee shall work more than 48 hours a week (excluding overtime). Although the KPK Shops and Establishment Act, 2015 specifies that employee means any person employed whether directly or otherwise, about the business of an establishment for the owner or occupier thereof, even though he receives no reward or remuneration for his labour, but does not include a member of the employer's family; .
  - Hours worked after midnight shall be counted towards the previous day of employment.

Requirements that employers must meet to request overtime from workers

(Not applicable on farmers, quoted as reference for good practice only)

- A notice is required to be displayed at the establishment, which clearly shows the periods, which an adult worker is required to work<sup>35</sup>.

Laws on basic entitlements or benefits to be paid to workers (e.g. social security, health care, holidays, other leave entitlements etc.)

(Except Social Security, benefits mentioned are not applicable on farmers and only quoted as reference for good practice only)

- Basic entitlements include:
  - a. Leaves:
    - In KPK: 14 days annually, 10 days annually for casual leave (casual leave shall not be granted for more than 3 days at a time) and 8 days sick leave with full pay<sup>36</sup>.
    - Days off for festival holidays declared by Federal Government or by the Provincial Governments.

33. Payment of Wages Act, 1936.

34. KPK Shops and Establishment Act, 2015

35. The KPK Industrial and Commercial Employment (Standing Orders) Act, 2013

36. KPK Shops and Establishments Act, 2015

b. Social Security:

- Employers (includes employers of agricultural establishments) must pay social security contributions at six percent of the workers' income (as regulated by the Provinces) to the Social Security Institutions for providing benefits to employees or their dependents and the provincial governments regulate this calculation<sup>37</sup>.
- Any worker not falling within the bracket of income for whom social security contributions are to be made is provided with medical insurance.

c. Provident Fund<sup>38</sup>:

- Employers (defined as any person who maintain a provident fund for the benefit of his or her employees, and is engaged in any business the profits or gains are chargeable to income tax under the applicable income tax laws) are required to contribute up-to one-tenth of the employee's salary or PKR 100,000 (approximately 700 USD) whichever is lower for each employee for each month however; their contribution cannot exceed the contribution made by the employee. The employees are required to contribute ten percent of their salary each month to the Provident Fund.
- Amount in fund may be withdrawn by an employee or his heir (as nominated at the time of initiating contribution towards his provident fund):
  - On retirement (usually 60 years but decided by employer); or
  - On death of the employee.
- Certain amounts allowed by fund trustees may be allowed for:
  - Paying expenses of an illness of the employee or his family members;
  - Meeting the expenditure on purchase of a vehicle;
  - Paying for a family members education, marriage, funeral or etc.;
  - Paying for expenditure on constructing his house or purchasing a property etc.; or
  - Other such expenses provided in the Income Tax Ordinance 2001.

d. Employees Old Age Benefits (applicable on employers where 10 or more workers are employed)<sup>39</sup>:

- Every employer shall contribute six percent of the wage of the worker every month to the Employees Age Old Benefit Institution ("EOBI") as insurance for old age benefit for their workers.
- This old age benefit if paid for fifteen years for any employee, will allow the employee to obtain monthly pension from the EOBI after the age of sixty (for men) and fifty-five (for women).

e. Compensation against death and injury<sup>40</sup>:

- An employer shall be liable for personal injury or death caused to a worker by accident arising out of and in the course of his employment. The compensation payable by employers in case of such injury is calculated on the basis of the nature of the injury and the calculation for the same is provided under this law.

37. Provincial Employees' Social Security Ordinance, 1965

38. Income Tax Ordinance, 2001

39. Employees Age Old Benefit Act, 1976

40. KPK Workmen's Compensation Act, 2013

- However, certain exceptions have been provided under law where the employer shall not be liable such as: an injury, which does not result in disablement for more than 4 days to the worker; or where the injury is caused by, the workers own willful negligence or disregard for safety.
- f. Entitlement to canteen services for workers in factories:
- Occupiers (i.e. person in control of the factory or the Factory Manager) shall ensure that a canteen, inside or near the factory, is available for workers in the factory.
  - The canteen must be kept clean and at least fifty meters away from any toilet.
  - The food and drinks provided in the canteen shall be sold on a not-for-profit basis and at any time the canteen-dining hall should be able to accommodate thirty percent of the workers in the factory.
  - The Occupier is also required to ensure that eating and cleaning requirements such as utensils, crockery, soap, water, and towels must be provided to the workers<sup>41</sup>.
- g. Bonuses (applies to every industrial establishment or commercial establishment wherein ten or more workers are employed):
- Every employer in profit shall pay a bonus to the workers<sup>42</sup>, which shall not be more than one gross salary of the worker (“10-C bonus”).
- h. Gratuity (applies to every industrial establishment or commercial establishment wherein ten or more workers are employed):
- Any worker who has worked for over six months in any establishment shall be paid gratuity<sup>43</sup>.
    - Gratuity is paid at the end of service for the worker i.e. resignation or termination, unless the termination is due to misconduct in which case the gratuity shall not be paid.
    - The formula for gratuity is one-month gross salary for each number of years of service completed by the worker.
    - However, if the employer contributes for any worker’s provident fund, then such worker shall not be paid gratuity.
- i. Maternity Benefits:
- In KPK an expecting woman (employed for more than 4 months in such factory/establishment) is entitled to 6 weeks of paid maternity leave<sup>44</sup>.
- j. Entitlement to cost of living:
- Employers shall provide all workers (regardless of the wages drawn) with the cost of living allowance (“COLA”) which is approximately PKR 475 (approximately 4 USD) per month<sup>45</sup>.
- k. Entitlement for education of children:
- Every employer must pay PKR 100 per year as education tax for all the workers in its establishment. The education tax is collected by the Provincial Governments and is utilized for providing educational facilities to workers’ children and for improving schools or institutions<sup>46</sup>.

41. The North West Frontier Province Factories Canteen Rules, 1979

42. According to the formula provided under the Industrial and Commercial Employment (Standing Orders) Ordinance, 1968.

43. KPK Industrial and Commercial Employment (Standing Orders) Act, 2013

44. West Pakistan Maternity Benefit Ordinance, 1958

45. Employees Cost of Living (Relief) Act, 1973

46. Workers Children (Education) Ordinance, 1972

## Principle 3 – FAIR TREATMENT

### Summary

ALP MEASURABLE STANDARDS	MARKET LEGAL STANDARDS			COMMENTS
	MATCHES	EXCEEDS	OPPOSES	
No physical abuse, threat of physical abuse, or physical contact with the intent to injure or intimidate	√			
No sexual abuse or harassment	√			
No verbal abuse or harassment	√			
No discrimination on the basis of race, color, caste, gender, religion, political affiliation, union membership, status as a worker representative, ethnicity, pregnancy, social origin, disability, sexual orientation, citizenship, or nationality	√			
Worker access to fair, transparent and anonymous grievance mechanism	√			

### Applicable laws

- Constitution of Pakistan - <http://www.pakistani.org/pakistan/constitution>
- Pakistan Penal Code, 1860 - <http://pakistani.org/pakistan/legislation/1860/actXLVof1860.html>
- Disabled Persons Ordinance 1981 - <http://www.ilo.ch/dyn/natlex/docs/ELECTRONIC/102095/123300/F1474370254/PAK102095.pdf>

### Your answer

Laws defining and prohibiting physical, sexual, or verbal threats, abuse, contact, or harassment

- The law protects the legitimate rights and interests of minorities, including their due representation in Federal and Provincial services<sup>47</sup>.
- Any person who intentionally causes pain, harm, disease, or injury to any other person is to be penalized. Depending on the severity of the harm caused the penalty ranges from 2-7 years imprisonment<sup>48</sup>.

47. Article 36 of the Constitution of Pakistan

48. Section 332 of the Pakistan Penal Code, 1860



- Insulting modesty or causing sexual harassment: Whoever,- (i) intending to insult the modesty of any woman, utters any word, makes any sound or gesture, or exhibits any object, intending that such word or sound shall be heard, or that such gesture or object shall be seen, by such woman, or intrudes upon the privacy of such woman; (ii) conducts sexual advances, or demands sexual favours or uses verbal or non-verbal communication or physical conduct of a sexual nature which intends to annoy, insult, intimidate or threaten the other person or commits such acts at the premises of workplace, or makes submission to such conduct either explicitly or implicitly a term or condition of an individual's employment, or makes submission to or rejection of such conduct by an individual a basis for employment decision affecting such individual, or retaliates because of rejection of such behavior, or conducts such behavior with the intention of unreasonably interfering with an individual's work performance or creating an intimidating, hostile,, or offensive working environment; shall be punished with imprisonment which may extend to three years or with fine up to five hundred thousand rupees or with both.<sup>49</sup>

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#### Laws defining and prohibiting discrimination

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- The law protects citizens from discrimination on the basis of their sex and also safeguards against discrimination in services on ground of religion, caste, creed, place of birth or sex<sup>50</sup>.
- Provisions exist for securing just and humane conditions of work, ensuring that children and women are not employed in vocations unsuited to their age or sex, and for maternity benefits for women in employment<sup>51</sup>.

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#### Protection of workers from discrimination (workers' rights and employers' obligations)

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- Citizens are protected from discrimination on the basis of their sex<sup>52</sup> and in services on ground of religion, caste, creed, place of birth or sex<sup>53</sup>.

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#### Laws on resources for victimized workers including any access to grievance mechanisms

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- A victim of discrimination may invoke the jurisdiction of the High Court or other courts.

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49. Section 509 of the Pakistan Penal Code, 1860

50. Article 25 of the Constitution of Pakistan

51. Article 37 of the Constitution of Pakistan

52. Article 25 of the Constitution

53. Article 27 of the Constitution

## Principle 4 – FORCED LABOR AND HUMAN TRAFFICKING

### Summary

ALP MEASURABLE STANDARDS	MARKET LEGAL STANDARDS			COMMENTS
	MATCHES	EXCEEDS	OPPOSES	
No work under bond, debt or threat	√			
Workers must receive wages directly from the employer.	N/A	N/A	N/A	Wage law does not apply to farm workers
Workers are free to leave their employment at any time with reasonable notice, without threat or penalty	√			
Workers are not required to make financial deposits with farmers, labor contractors, or any other third party at the time of recruitment or at any point during employment	NA	NA	NA	No specific law governing this subject applies to Farm workers.
Workers are not charged recruitment fees or other related fees for their employment by labor contractors	NA	NA	NA	No specific law governing this subject applies to Farm workers.
Wages or income from crops and work done are not withheld beyond the legal and agreed payment conditions.	N/A	N/A	N/A	<ul style="list-style-type: none"> <li>• No specific law governing this subject applies to farm workers.</li> <li>• Existing law only applies requires that a wage period is specified for payment of wages for the work done and such wage period to not exceed one month.</li> </ul>
Farmers do not retain the original identity documents of any worker	NA	NA	NA	No specific law is available on retention of original identity documents.
Where farmers are legally required to retain the original identity documents of workers, they provide secure storage protected from unauthorized access and ensure workers have access to their documents upon end of employment	NA	NA	NA	No specific law is available on retention of original identity documents.

Where labor contractors are used, farmers verify their labor practices and ensure they are in line with the ALP standards	NA	NA	NA	
No employment of prison or compulsory labor	NA	NA	NA	Prison labour laws are not applicable to farmers since prison labour can only be utilized for in prison premises work, mostly government supervised work or work of national importance.

### Applicable laws

- Constitution of Pakistan - <http://www.pakistani.org/pakistan/constitution>
- Bonded Labor System (Abolition) Act, 1992 - [http://www.na.gov.pk/uploads/documents/1334287962\\_481.pdf](http://www.na.gov.pk/uploads/documents/1334287962_481.pdf)
- Prisons Act, 1894 - [https://ihl-databases.icrc.org/applic/ihl/ihl-nat.nsf/6fa4d35e5e3025394125673e00508143/2b59eb02419269eec12576fd00331bd5/\\$FILE/Pakistan%20The%20Prisons%20Act%201894.pdf](https://ihl-databases.icrc.org/applic/ihl/ihl-nat.nsf/6fa4d35e5e3025394125673e00508143/2b59eb02419269eec12576fd00331bd5/$FILE/Pakistan%20The%20Prisons%20Act%201894.pdf)
- Pakistan Prison Rules, 1978 - <http://www.google.com/url?sa=t&rct=j&q=&esrc=s&source=web&cd=1&ved=0ahUKEwjY56KvRj7SAhVEfxoKHxfpDLAQFggbMAA&url=http%3A%2F%2Fwww.punjabcode.punjab.gov.pk%2Findex%2Fgetaspdf%2Fref%2F7580669e-48fa-4fd8-910c-a11a3200ed74&usg=AFQjCNHbFeljAIHcUluKqPjRkIRIqRZ72g>
- Contract Act, 1872 - <http://www.punjabcode.punjab.gov.pk/public/dr/Contract%20Act,%201872.doc.pdf>
- KPK Payment of Wages Act, 2013 - [http://kp.gov.pk/uploads/2016/02/10.\\_Payment\\_of\\_Wages\\_Act,\\_2013\\_.pdf](http://kp.gov.pk/uploads/2016/02/10._Payment_of_Wages_Act,_2013_.pdf)

### Your answer

Legislation on forced labor (including any regulation on identity document retention or wage withholding)

- The law forbids slavery and prohibits all forms of forced labor and human trafficking<sup>54</sup>.
- In Pakistan, bonded (forced) labor has been abolished. Any contract/agreement that is contrary to the applicable whether executed before or after the commencement of the law is invalidated<sup>55</sup>.

Legislation relating to limits or prohibitions on recruitment fees and deposits workers may be required to pay

- No specific law is available on limitations or prohibitions on recruitment fees.

54. Article 11 of the Constitution of Pakistan

55. Bonded Labor System (Abolition) Act, 1992

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## Legislation regulating the operation of labor brokers and other third party recruiters

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- Any preceding contract/agreement relating to bonded labor and prohibits any contract/agreement relating to bonded labor is prohibited<sup>56</sup>.
  - Any operation of labor brokers or third party recruiter will be in accordance with the laws of contract in Pakistan<sup>57</sup>.
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## Laws on prison labor

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(Not applicable on farmers, quoted as reference for good practice only)

- Prison labour laws are not applicable to farmers since prison labour can only be utilized for in prison premises work, mostly government supervised work or work of national importance.
- Incarcerated individuals may be employed as laborers in prison<sup>58</sup> provided that they have been sentence to rigorous imprisonment and that they are not made to work more than nine hours a day.
- A medical officer is required to check the weight and examine the prisoner on a fortnightly basis.
- A prisoner shall be entitled to PKR 3 per day for a full day of labor<sup>59</sup>.
- A prisoner may be entitled to remission (i.e. reduction in sentence) for the labor he provides while incarcerated (min. 6 days and max. 10 days).

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56. Bonded Labor System (Abolition) Act, 1992

57. Contract Act, 1872

58. The Prisons Act, 1894

59. Pakistan Prison Rules, 1978



## Principle 5 – SAFE WORK ENVIRONMENT

### Summary

ALP MEASURABLE STANDARDS	MARKET LEGAL STANDARDS			COMMENTS
	MATCHES	EXCEEDS	OPPOSES	
<p>Farmers provide a safe and sanitary working environment</p> <p>Farmers take all reasonable measures to prevent accidents, injury and exposure to health risks.</p>	N/A	N/A	N/A	No specific laws applicable to farm workers. Only health and safety provisions regarding handling and use of pesticides are applicable to farm workers (mentioned below).
No person is permitted to top or harvest tobacco, or to load barns unless they have been trained on avoidance of green tobacco sickness.	NA	NA	NA	
No person is permitted to use, handle or apply crop protection agents (CPA) or other hazardous substances such as fertilizers, without having first received adequate training.	√			
No person is permitted to use, handle or apply crop protection agents (CPA) or other hazardous substances such as fertilizers, without using the required personal protection equipment.	√			
Persons under the age of 18, pregnant women, and nursing mothers must not handle or apply CPA.	√			The law does not specifically protect pregnant women, nursing mothers.
No person do not enter a field where CPA have been applied unless and until it is safe to do so.	NA	NA	NA	No specific requirement under the law.
Every person has access to clean drinking and washing water close to where they work and live.	√			Requirement applies only to the extent of pesticides law.

Accommodation, where provided, is clean, safe, meets the basic needs of workers, and conforms to the country's laws.	NA	NA	NA	There is no specific requirement under Pakistani law.
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### Applicable laws

- KPK Workmen's Compensation Act, 2013 - [http://kpcode.kp.gov.pk/uploads/2013\\_19\\_THE\\_KHYBER\\_PAKHTUNKHWA\\_WORKERS\\_COMPENSATION\\_ACT\\_20133.pdf](http://kpcode.kp.gov.pk/uploads/2013_19_THE_KHYBER_PAKHTUNKHWA_WORKERS_COMPENSATION_ACT_20133.pdf)
- Agricultural Pesticides Rules, 1973 - <http://extwprlegs1.fao.org/docs/pdf/pak4115.pdf>
- Agricultural Pesticides Ordinance, 1971 - <http://punjablaws.gov.pk/laws/1211a.html>
- Provincial Motor Vehicles Ordinance, 1965 - <http://punjablaws.gov.pk/laws/189.html>
- KPK Industrial and Commercial Employment (Standing Orders) Act, 2013 - [http://kp.gov.pk/uploads/2016/02/6\\_Industrial\\_and\\_Commercial\\_Employment\\_\(Standing\\_Orders\)\\_Act,\\_2013\\_.pdf](http://kp.gov.pk/uploads/2016/02/6_Industrial_and_Commercial_Employment_(Standing_Orders)_Act,_2013_.pdf)

### Your answer

#### Requirements for provision of medical protection (availability of first aid kit, health & safety training etc.)

- Employers must provide safe drinking water for consumption by workers<sup>60</sup>.
- There are some safety requirements that are provided to the farmers as per the Pakistan Tobacco Board's standard agreement with the farmer which are as follows:
  - a. Must wear gloves, mask, safety goggles and protective gears while spraying pesticide in the field; and
  - b. Tobacco must be protected from Non Tobacco related Materials.

#### Requirements to report accidents and injuries

(Not applicable on farmers, quoted as reference for good practice only)

- An employer is not liable for an injury which does not result in disablement for more than 4 days to the worker; or where the injury is caused by the workers own willful negligence or disregard for safety but generally is liable for any other personal injury caused by accident arising out of and in the course of employment with compensation payable on the nature of injury<sup>61</sup>.

#### Requirements for green tobacco sickness training or awareness

- There are no specific laws in Pakistan providing requirements for green tobacco sickness training or awareness.

60. PART XI – "Safety Precautions" of the Agricultural Pesticides Rules, 1973

61. Workmen's Compensation Act, 1923

Requirements for PPE needed for using, handling, storing, or disposing of crop protection agents (CPA). This may vary depending on the CPA in question.

- Any person handling, storing, distributing or disposing CPAs for sale must obtain a license for the same from the Federal Government. No individual (including company employees) can handle, store, distribute or dispose CPAs without a valid license, even if they are doing it on behalf of a dealer<sup>62</sup>.
- A worker must wear gloves, mask, safety goggles and protective gears while spraying pesticide in the field<sup>63</sup>.
- Any person handling pesticides shall wear protective clothing and masks<sup>64</sup>.

Restrictions on CPA use, handling, storing, or disposing (e.g. restrictions on vulnerable population such as under 18s, pregnant women, nursing mothers interacting with CPA)

- For CPA Handling<sup>65</sup>:
  - a. Any person handling pesticides shall wear protective clothing and masks.
  - b. The law specify certain safety precautions when handling pesticides which include no smoking near the pesticides, no direct contact with the pesticides, etc.
  - c. Employment of workers aged below eighteen and over sixty years in working with pesticides is prohibited.
  - d. Women are also prohibited from employment in hazardous occupations.
  - e. Every employer permitting the use of pesticides by workers must keep record of the name and address of every worker; number of hours each worker spends each day on job; the pesticides used; any case of suspected illness or unexplained absence from work after using the pesticides.
  - f. Whilst using pesticides, the worker shall avoid breathing pesticides; avoid contact with skin, eyes and mouth; avoid contaminating clothing; avoid spilling and splashing; wash and flush off pesticide from skin and eyes immediately; remove heavily contaminated clothes. Every worker is also prohibited from using pesticides in the pesticide mist or drift.
- For CPA Storage<sup>66</sup>:
  - a. The place where the pesticide is stored shall be suitably equipped, ventilated and soundly constructed, and be kept clean and in a good state of maintenance.
  - b. The storage place must be provided with the following notice on the door: “NO ENTRY FOR UNAUTHORIZED PERSONS, NAKED LIGHTS AND SMOKING PROHIBITED”.
  - c. Additionally, when not in use, the entrance to the place or storage must be properly closed and clearly marked “PESTICIDES” and shall bear a picture of skull and cross-bones of at least three inches in length.

62. Section 11A of the Agricultural Pesticides Ordinance, 1971 and the Agricultural Pesticides Rules, 1973

63. Pakistan Tobacco Board’s standard agreement with the farmers

64. PART XI – “Safety Precautions” of The Agricultural Pesticides Rules, 1973

65. PART XI – “Safety Precautions” of the Agricultural Pesticides Ordinance, 1971 and the Agricultural Pesticides Rules, 1973

66. Section 16 of the Agricultural Pesticides Ordinance, 1971 and the Agricultural Pesticides Rules, 1973

- d. The electrical installations (such as lights, outlets etc.) must be in good condition and precautions against fire hazards shall be provided.
- Disposal of CPAs must be done in such a way that sources of water supply are not contaminated and the un-cleaned packages shall be destroyed so that they cannot be reused for any other purpose<sup>67</sup>.

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Other legislation related to CPA, (e.g. where they may be stored or transported, explicit restrictions on specific CPAs, weather conditions under which CPA application may or may not occur, other restrictions limiting contact or exposure with CPA)

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- Any person handling, storing, distributing or disposing CPAs for sale must obtain a license from the Federal Government<sup>68</sup>.
- No individual (including company employees) can handle, store, distribute or dispose CPAs without a valid license, even if they are doing it on behalf of a dealer.
- Every employer permitting the use of pesticides by workers must keep record of the name and address of every worker; number of hours each worker spends each day on job; the pesticides used; any case of suspected illness or unexplained absence from work after using the pesticides
- All persons transporting CPA must obtain a license from the Federal Government and any transport of CPA must be properly recorded (i.e. reference sample of each batch, product data sheet and inventory).

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Requirements related to providing drinking water and safe housing

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- Employers must provide safe drinking water for consumption by workers <sup>69</sup>.
- There is no specific requirement under Pakistani law which obligates employers to provide accommodation for their workers.

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Requirements for worker accommodation if provided

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- If an employer provides accommodation to its workers, an employee must vacate such accommodation within two months of termination.

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Restrictions on farm equipment (e.g. maintenance and licensing for operators)

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- For operation of heavy equipment such as tractors, farmers must obtain a license<sup>70</sup>.

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67. Ibid

68. Ibid

69. PART XI – “Safety Precautions” of the Agricultural Pesticides Rules, 1973

70. Provincial Motor Vehicles Ordinance, 1965 (applicable to all provinces).

## Principle 6 – FREEDOM OF ASSOCIATION

### Summary

ALP MEASURABLE STANDARDS	MARKET LEGAL STANDARDS			COMMENTS
	MATCHES	EXCEEDS	OPPOSES	
Farmers do not interfere with workers' right to freedom of association.	√			
Workers are free to join or form organizations and unions of their own choosing.	√			
Workers are free to bargain collectively.	√			
Worker representatives are not discriminated against.	√			
Worker representatives have access to carry out their representative functions in the workplace.	N/A	N/A	N/A	

### Applicable laws

- Constitution of Pakistan - <http://www.pakistani.org/pakistan/constitution>
- KPK Industrial Relations Act, 2010 - [http://kp.gov.pk/uploads/2016/02/10.\\_Industrial\\_Relations\\_Act,\\_2010\\_.pdf](http://kp.gov.pk/uploads/2016/02/10._Industrial_Relations_Act,_2010_.pdf)

### Your answer

Laws on organizing unions and their operation (e.g. protections in place for freedom of association, protection against employer interference)

- Every citizen has a right to form association or union, subject to reasonable restriction imposed by law<sup>71</sup>.
- Even though the right to form an association or union is given to all citizens, the implementation of the constitutional provision is done via labour laws, which are not applicable on farmers.
- The union is prohibited from<sup>72</sup>:
  - a. Persuading a workman to join or refrain from joining a trade union during working hours; or

71. Article 17 of the Constitution of Pakistan

72. Section 17 & 18 of the KPK Industrial Relations Act, 2010



- b. Intimidating any person to become, or refrain from becoming, or to continue to be, or to cease to be a member or officer of a trade union; or
  - c. Inducing any person to refrain from becoming, or cease to be a member or officer of a trade union, by intimidating or conferring or offering to confer any advantage on, or by procuring or offering to procure any advantage for such person or any other person; or
  - d. compelling or attempting to compel the employer to accept any demand by using intimidation, coercion, pressure threat, confinement to, or ouster from, a place, dispossession, assault, physical injury, disconnection of telephone, water or power facilities or such other methods; or
  - e. commencing, continuing, instigating or inciting others to take part in, or expend or supply money or otherwise act in furtherance or support of, an illegal strike.
- Workers are allowed to:
    - a. to work according to the job assigned and to receive wages as per agreed terms and conditions of employment and to such welfare benefits and safety measures as one is entitled to according to law, agreement settlement and/or award.
    - b. to enjoy the benefits guaranteed to him under the law, rules, settlement, agreement, award and in line with the principles of social justice.
  - Employers must ensure:
    - a. Implementation of all laws, including labor laws, in letter and spirit.
    - b. Protection and safeguarding the interest and welfare of its workers to obtain maximum productivity and output to the mutual advantage of the enterprise.
    - c. To respect the workers' rights to decent work, wages, decent living and quality of life, subject to the resources of the enterprise.
  - For unions established provincially, the provincial laws are applicable, for example if a union is established only in Sindh, then the Sindh Industrial Relations Act, 2013 applies. This Act also provides workers with the right to join a trade union and provides the rules for establishment of the trade union. Similarly, in KPK Industrial Relations Act, 2010 and Punjab Industrial Relations Act, 2010 is applicable for unions established in KPK and Punjab respectively.

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#### Laws or requirements for collective bargaining

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(Not applicable on farmers, quoted as reference for good practice only)<sup>73</sup>

- The requirements for establishing a collective bargaining agent (“CBA”) i.e. agent of workmen in the trade union of the establishment:
  - a. An application must be submitted by the CBA to the Registrar of Trade Unions.
  - b. The trade union must be the only registered trade union and shall have at least one-third of the total number of workmen in the establishment as its members.

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73. Section 4, 5 & 6 of the KPK Industrial Relations Act, 2010

- However, where there is more than one registered trade union, there shall be secret balloting. The trade union with more than one-third of ballots of the total number of voters received in their favor will be certified as the collective bargaining agent on behalf of all the workers.

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Laws related to worker representatives (e.g. requirements for representatives to be in place, protection from discrimination, access to carry out functions in workplace)

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(Not applicable on farmers, quoted as reference for good practice only)

- Worker representatives may be selected by the Collective Bargaining Agents or if there are no Collective Bargaining Agents, then the same may be elected by simple majority at a secret ballot.<sup>74</sup>
- Worker participation is mandated at 50% in management of employer. However, this is only applicable where 50 or more workers are employed.<sup>75</sup>
- Workers representatives are required to be present in meetings related to management of establishment and shall advise the Management on:<sup>76</sup>
  - a. Framing of services rules and policy about promotion and discipline of workers;
  - b. Changing physical working conditions in the factory/ establishment;
  - c. In-service training of workers;
  - d. Recreation and welfare of workers;
  - e. Regulation of daily working hours and breaks;
  - f. Preparation of leave schedule;
  - g. Matters relating to the order and conduct of workers within the factory/establishment.
- Workers representatives on their own accord may advise on related matters to the Management in writing. Furthermore, the Management shall respond on such advice within two weeks of receipt.

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Other prohibitions on union discrimination and employer interference

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(Not applicable on farmers, quoted as reference for good practice only)

- In KPK it is prohibited for employers to discriminate against any person in regard to any employment, promotion, condition of employment or working condition on the ground that such person is, or is not, a member or officer of a trade union<sup>77</sup>.
- In KPK, employers are prohibited from<sup>78</sup>:
  - a. Imposing any condition in a contract of employment seeking to restrain the right of a person who is a party to such contract to join a trade union or continue his membership of a trade union;
  - b. Refusing to employ or refuse to continue to employ any person on the ground that such person is, or is not a member or officer of a trade union;

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74. Section 24 of the KPK Industrial Relations Act, 2010

75. Section 30 of the KPK Industrial Relations Act, 2010

76. Section 30 of the KPK Industrial Relations Act, 2010

77. Section 17 of the KPK Industrial Relations Act, 2010

78. Section 17 of the KPK Industrial Relations Act, 2010

- c. Discriminating against any person in regard to any employment, promotion, condition of employment or working condition on the ground that such person is, or is not, a member or officer of a trade union;
- d. Dismissing, discharging, removing from employment or transferring or threatening to dismiss, discharge; or remove from employment or transfer a workman
- e. Interfering with or in any way influence the balloting for the determination of the Collective Bargaining Agent;
- f. Recruiting any new workman during the period of a notice of strike or during the currency of a strike which is not illegal.

## Principle 7 – TERMS OF EMPLOYMENT

### Summary

ALP MEASURABLE STANDARDS	MARKET LEGAL STANDARDS			COMMENTS
	MATCHES	EXCEEDS	OPPOSES	
At the time of hire, farmers inform workers of their legal rights	NA	NA	NA	
At the time of hire, farmers inform workers of the essential aspects of the work relationship and work place safety such as work to be performed, working hours, wages paid, period of hire, and all legally mandated benefits	NA	NA	NA	
Farmers and workers have entered into written employment contracts when required by a country's laws and workers receive a copy of the contract.	NA	NA	NA	
Terms and conditions of employment contracts do not contravene the country's laws.	NA	NA	NA	

### Applicable laws

- KPK Industrial and Commercial Employment (Standing Orders) Act, 2013 - [http://kp.gov.pk/uploads/2016/02/6.\\_Industrial\\_and\\_Commercial\\_Employment\\_\(Standing\\_Orders\)\\_Act,\\_2013\\_.pdf](http://kp.gov.pk/uploads/2016/02/6._Industrial_and_Commercial_Employment_(Standing_Orders)_Act,_2013_.pdf)
- Tobacco Marketing Control Rules, 1993 - [http://ptb.gov.pk/sites/default/files/Tobacco%20Marketing%20Control%20Rules,%201993\\_0.pdf](http://ptb.gov.pk/sites/default/files/Tobacco%20Marketing%20Control%20Rules,%201993_0.pdf)

## Your answer

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Legal requirements to constitute labor/employment relation

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(Not applicable on farmers, quoted as reference for good practice only)

- To constitute an employment relation, an employment contract must be provided to the worker<sup>79</sup>.
- 

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)

---

(Not applicable on farmers, quoted as reference for good practice only)

- Every worker is to be given a letter of appointment/contract explicitly stating terms and conditions of service, department, cadre etc.
  - As per the labour laws, employment contracts have to be in writing<sup>80</sup>.
- 

Required content for written employment contracts

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(Not applicable on farmers, quoted as reference for good practice only)<sup>81</sup>

- The terms and conditions of the services of the workmen are required to be mentioned in the employment contract.
  - Required content includes:
    - a. the nature of employment (whether permanent or temporary),
    - b. nature of duties,
    - c. nature of wages and allowances,
    - d. work-hours,
    - e. long-term or retirement benefits (if applicable),
    - f. clause on notice for resignation or termination, and
    - g. A clause whether the employment is to be governed by any labor laws.
- 

Deadline for contract conclusion (e.g. on date of hire or within 30 days of hire etc.)

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(Not applicable on farmers, quoted as reference for good practice only)

- Contracts must be provided the workers on the date of hire (i.e. at the time of the workers employment)<sup>82</sup>.

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79. Section 3 of the KPK Industrial and Commercial Employment (Standing Orders) Act, 2013

80. Section 3 of the KPK Industrial and Commercial Employment (Standing Orders) Act, 2013

81. Section 3 of the KPK Industrial and Commercial Employment (Standing Orders) Act, 2013

82. Ibid

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## Requirements for various types of contract (indefinite term, definite term, temporary workers, and probationary workers)

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- The requirements for a contract for a permanent worker are:
  - a. the nature of employment must be more than nine months,
  - b. nature of duties must be of a permanent nature,
  - c. nature of wages and allowances,
  - d. work-hours,
  - e. long-term or retirement benefits (if applicable),
  - f. clause on notice for resignation or termination, and
  - g. a clause whether the employment is to be governed by any labor laws.
- The requirements for a contract for a temporary worker are:
  - a. the nature of employment must be lesser than nine months,
  - b. nature of duties must be of a temporary nature,
  - c. wages and allowances, and
  - d. work-hours.
- The requirements for a contract for a probationary worker are:
  - a. the nature of employment must be lesser than three months,
  - b. the worker must be employed to fill a permanent vacancy,
  - c. wages and allowances, and
  - d. work-hours.
- Where the contract terms are indefinite, the requirements are:
  - a. the nature of employment (i.e. type of employment),
  - b. nature of duties,
  - c. nature of wages and allowances,
  - d. work-hours,
  - e. long-term or retirement benefits (if applicable),
  - f. clause on notice for resignation or termination, and
  - g. a clause whether the employment is to be governed by any labor laws.

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## Requirements for termination of employment (termination with or without cause, wrongful dismissal, notice periods required to end employment etc.)

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- Notice for termination or resignation is not required for any temporary or probationary worker<sup>83</sup>.
- Termination of employment cannot be done without a valid cause.
- Termination of any contract with a permanent worker, for any reason other than misconduct, must be with one month's notice and the termination letter provided to the worker must explicitly state the reason for termination<sup>84</sup>.

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83. Ibid

84. Ibid



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Options for farmers to obtain legal assistance about their obligations (e.g. government departments, local labor offices, farmer associations etc.)

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- Labor Laws are not applicable on farmers/agriculture labor. However, in practice tobacco farmers can obtain such assistance from the Government's labor department and the Pakistan Tobacco Board.
- 

Specific requirements for leaf growing contracts (e.g. government imposed templates, government approval of contracts, freedom to choose terms of contract)

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- Every Tobacco company for the purchase of their targeted requirements of tobacco shall execute agreements with the growers on the forms prescribed by the Pakistan Tobacco Board<sup>85</sup>.
- The leaf growing contracts are as per the template provided by the Pakistan Tobacco Board.
- A copy of each such agreement is supplied to the concerned grower and a list of all such agreements must be furnished to the Pakistan Tobacco Board as soon as possible after the execution of the agreements<sup>86</sup>.

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85. Section 4 of the • Tobacco Marketing Control Rules, 1993 requires that by the 31st day of December an agreement is executed with tobacco farmers in respect of the ensuing crop of Tobacco. There is no freedom to choose the terms of the contract.

86. In terms of Section 4 of the Tobacco Marketing Control Rules, 1993.

**Appendix IV – Communication materials**

ALP 7 Principles including measurable standards

All 7 Principles with headings

Card for communication of grievances

**ایگریکلچرل لیبر پریکٹیسز (ALP)**

بچوں کی مشقت کا خاتمہ	کام کرنے کیلئے محفوظ ماحول
مناسب تنخواہ اور اوقات کار	آزادی انجمن سازی
مناسب رویہ	روزگار کی شرائط
جبری مشقت اور انسانی سرنگنگ	

**ایگریکلچرل لیبر پریکٹیسز (ALP)**

فلپ مورس (پاکستان) لمیٹیڈ سے منسلک تمباکو کا شکار اور مزدور بچوں سے مشقت، کام کے محفوظ ماحول اور ALP کے دیگر اصولوں سے متعلق معلومات یا شکایات کیلئے (SESWA) کے ٹول فری نمبر: 0800-73792 موبائل: 0314-2310809

پرنج 7 بجے سے شام 7 بجے تک کال یا SMS کریں

Clip stick

**CLIP STICK - کلپ چپکے**

PHILIP MORRIS (PAKISTAN) LIMITED

Good Agricultural Practices

کلیپ چپکے کا بہترین استعمال

- کلیپ چپکے کا استعمال کرنے سے ہاتھوں کی تھکن کم ہوتی ہے۔
- کلیپ چپکے کا استعمال کرنے سے کام کی رفتار زیادہ ہوتی ہے۔
- کلیپ چپکے کا استعمال کرنے سے کام کرنے والوں کی سہولت ہوتی ہے۔
- کلیپ چپکے کا استعمال کرنے سے کام کرنے والوں کی حفاظت ہوتی ہے۔
- کلیپ چپکے کا استعمال کرنے سے کام کرنے والوں کی کامیابی ہوتی ہے۔

کلیپ چپکے (Clip Stick)

Agricultural Labor Practices

CPA usage and safety measures

**زریعی ادویات کا درست طریقہ کار اور حفاظتی تدابیر**

PHILIP MORRIS (PAKISTAN) LIMITED

IPM

غلط طریقہ

درست طریقہ

انتباہ

یہ ادویات صرف زہریلی کیڑوں کے ناپ کرنے کے کام کے لیے ہی استعمال کی جاسکتی ہیں اور ان کے ساتھ ساتھ دیگر ادویات کے ساتھ ساتھ استعمال نہیں کیا جائے۔

زیادہ سے زیادہ ادویات کے ساتھ ساتھ استعمال نہیں کیا جائے۔



**Elimination of Child Labour**

**PHILIP MORRIS (PAKISTAN) LIMITED**

**بچوں کی مشقت کا خاتمہ**  
(ALP) ایگریکلچرل لیبر پریکٹس

- بچوں کی مشقت کو ختم کرنا چاہیے اور مشینوں کی مدد سے کام کرنے کی عمر کو کم از کم 15 سال سے کم کرنا نہیں ہے۔
- 15 سال سے کم عمر کے بچوں کی مشقت کو ختم کرنا چاہیے۔
- 15 سال سے کم عمر کے بچوں کی مشقت کو ختم کرنا چاہیے۔
- 15 سال سے کم عمر کے بچوں کی مشقت کو ختم کرنا چاہیے۔
- 15 سال سے کم عمر کے بچوں کی مشقت کو ختم کرنا چاہیے۔

**Agricultural Labor Practices**

**Gep**  
Good Agricultural Practices

**Fair Treatment**

**PHILIP MORRIS (PAKISTAN) LIMITED**

**مناسب رویہ**  
(ALP) ایگریکلچرل لیبر پریکٹس

- کاشتکاروں کو مناسب معاوضہ دینا چاہیے اور ان کی مشقت کو ختم کرنا چاہیے۔
- کاشتکاروں کو مناسب معاوضہ دینا چاہیے اور ان کی مشقت کو ختم کرنا چاہیے۔
- کاشتکاروں کو مناسب معاوضہ دینا چاہیے اور ان کی مشقت کو ختم کرنا چاہیے۔
- کاشتکاروں کو مناسب معاوضہ دینا چاہیے اور ان کی مشقت کو ختم کرنا چاہیے۔
- کاشتکاروں کو مناسب معاوضہ دینا چاہیے اور ان کی مشقت کو ختم کرنا چاہیے۔

**Agricultural Labor Practices**

**Gep**  
Good Agricultural Practices

**Forced Labour**

**PHILIP MORRIS (PAKISTAN) LIMITED**

**جبری مشقت اور انسانی سمگلنگ**  
(ALP) ایگریکلچرل لیبر پریکٹس

- جبری مشقت کو ختم کرنا چاہیے اور انسانی سمگلنگ کو ختم کرنا چاہیے۔
- جبری مشقت کو ختم کرنا چاہیے اور انسانی سمگلنگ کو ختم کرنا چاہیے۔
- جبری مشقت کو ختم کرنا چاہیے اور انسانی سمگلنگ کو ختم کرنا چاہیے۔
- جبری مشقت کو ختم کرنا چاہیے اور انسانی سمگلنگ کو ختم کرنا چاہیے۔
- جبری مشقت کو ختم کرنا چاہیے اور انسانی سمگلنگ کو ختم کرنا چاہیے۔

**Agricultural Labor Practices**

**Gep**  
Good Agricultural Practices

**Freedom of association**

**آزادی انجمن سازی**  
ایگریکلچرل لیبر پریکٹسز (ALP)

PHILIP MORRIS (PAKISTAN) LIMITED

گوشیگا مزدوروں کے آزادی انجمن سازی کے حق میں مداخلت نہیں کر سکتا۔  
مزدوروں اور گمشادوں کو اپنی مرضی کے مطابق تنظیم اور یونین سازی اور  
اتفاق ہوا کوئی کا حق حاصل ہے۔  
مزدوروں کے گمشادوں کے ساتھ کوئی تفریق نہیں کیا جائے اور انہیں  
کام کی جگہ پر اپنے فرائض کی گوارا انجام دینے کی اجازت حاصل ہے۔

Agricultural Labor Practices

Gen Good Agricultural Practices

**GTS**

PHILIP MORRIS (PAKISTAN) LIMITED

Green Tobacco Sickness (GTS)

تंबاكو کے سبز پتوں سے لاحق ہونے والی امراضی کیفیت

■ GTS نئی طفرہ کسب کر رہی ہے۔ یہ ناکامی، ماحولیاتی امراضی کیفیت ہے جس سے ماحولیات، بیماریوں اور کھانسی سے نمٹنا چاہتا ہے۔  
■ ماحولیات اور صحت لاحق ہوتی ہے جس کا کام کھانسی اور ناک سے زور دینا ہے۔ چھانکنا، سانس لینے سے گھٹ جاتا ہے۔  
■ کھینچنے سے نکلنے والی (Nicotine) دھواں (Skin) کے سامانوں کے ذریعے خون میں داخل ہو جاتی ہے۔

**علامات**

- کمزوری
- متلی آنا
- سر پھراتا
- تھک کرنا
- ضرورت سے زیادہ پینے پینے پینے اور کھانسی
- سر اور ہتھیلی میں درد
- سانس لینے میں دشواری
- دل کی دھڑکن اور بلڈ پریشر کا اتار چڑھاؤ

**احتیاطی تدابیر**

**بدن کو خشک کرنا**

- گرمیوں اور گرمیوں کی امراضی کیفیت سے بچنا
- کھانسی سے بچنے کے لیے ماحولیات اور صحت سے نمٹنا چاہتا ہے۔
- گرمیوں اور خشک ہوا سے بچنا
- گرمیوں اور خشک ہوا سے بچنا
- گرمیوں اور خشک ہوا سے بچنا
- گرمیوں اور خشک ہوا سے بچنا

**بدن کو خشک کرنا**

- کھانسی سے بچنے کے لیے ماحولیات اور صحت سے نمٹنا چاہتا ہے۔
- گرمیوں اور خشک ہوا سے بچنا
- گرمیوں اور خشک ہوا سے بچنا
- گرمیوں اور خشک ہوا سے بچنا
- گرمیوں اور خشک ہوا سے بچنا

**قلب و دماغ کی حفاظت**

- گرمیوں اور خشک ہوا سے بچنا
- گرمیوں اور خشک ہوا سے بچنا
- گرمیوں اور خشک ہوا سے بچنا
- گرمیوں اور خشک ہوا سے بچنا
- گرمیوں اور خشک ہوا سے بچنا



**Income and work hours**

**مناسب تنخواہ اور اوقات کار**  
 ایگریکلچرل لیبر پریکٹسز (ALP)

- تمام مزدوروں کی اہم ترین چیزیں (جنہیں معاوضی، روزی مرغن، چھٹی میاں پر کام کرنے والے اور باہر سے آنے والے مزدور) ملگے ملگے آئین اور زرعی معاہدات کے مطابق ضرور ہونی چاہئیں۔
- تمام مزدوروں کا قانونی سے عیقہ آئین کے مطابق کم از کم شرحہ اجرت ادا کی جائے۔
- کام کے اوقات ملگے ملگے آئین کے مطابق ہیں۔ اور دن کم سے کم ساڑھے نو گھنٹے سے متعلق میاں پر فی ہفتہ گھنٹے سے زیادہ نہیں ہوتے۔
- اور دن کم سے اوقات رضا کارانہ ہیں۔
- اور دن کم از کم اجرت ملگے ملگے آئین کی معاہدے کے تحت پر عیقہ شرحہ پر ادا کیے جاتے ہیں۔
- تمام مزدوروں کو ملگے ملگے آئین کے مطابق مراعات اور چھٹیاں بھی دی جانی ہیں۔

**Agricultural Labor Practices** | **GAP** (Good Agricultural Practices)

**Safety work environment**

**کام کے لئے محفوظ ماحول**  
 ایگریکلچرل لیبر پریکٹسز (ALP)

- کام کرنے والے ماحول کے اوقات اور حالت کو جاننے والے ماحول کے ایک فرسٹ ہینڈ کے ہونے کو یقین دہانی دینی چاہئے۔
- ماحول کو جاننے والے ماحول کے اوقات اور حالت کو جاننے والے ماحول کے ایک فرسٹ ہینڈ کے ہونے کو یقین دہانی دینی چاہئے۔
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**Agricultural Labor Practices** | **GAP** (Good Agricultural Practices)

**Terms of employment**

**روزگار کی شرائط**  
 ایگریکلچرل لیبر پریکٹسز (ALP)

- کام کرنے والے ماحول کے اوقات اور حالت کو جاننے والے ماحول کے ایک فرسٹ ہینڈ کے ہونے کو یقین دہانی دینی چاہئے۔
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**Agricultural Labor Practices** | **GAP** (Good Agricultural Practices)



CPA usage and Crop Practices (First Page)



Summer School Booklet (first page)



## Appendix V – Glossary

ALP	Agricultural Labor Practices
ALP Code	PMI's Agricultural Labor Practices Code
ALP Code Principle	Short statements that set expectations of how the farmer should manage labor on his/her farm in seven focus areas
ALP Program	Agricultural Labor Practices Program
Correction	Any action that is taken to eliminate a situation not meeting the standard
Corrective action	Steps taken to remove the causes of a situation not meeting the standard
CPA	Crop Protection Agents
Crew leader	Person responsible for managing a group of workers
Family farm	Farm that depends mainly on family members for the production of tobacco
Farm Profiles	A data collecting tool developed by PMI with Verité to track the socio-economic profile of the farms
GAP	Good Agricultural Practices
GTS	Green Tobacco Sickness
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
Migrant labor	Labor coming from outside the farm's immediate geographic area
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
Preventive action	Steps taken to remove the causes of potential situations not meeting the standard
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

Root cause	The underlying reason that caused a situation not meeting the standard
Root cause analysis	A set of analyzing and problem solving techniques targeted at identifying the underlying reason that caused a situation not meeting the standard
Sharecropping	A system of agriculture in which the farmer has a partner (“socio”) who either works together with the farmer or manages a plot of land. Costs of inputs and/or revenue are shared.
STP	Sustainable Tobacco Production
Support mechanism	A way for workers to access information and get support in difficult situations and for workers and farmers to get support in mediating disputes. Farmers have access to additional services to improve labor and business practices.