



EXTERNAL ASSESSMENT TABACOS DEL PACIFICO NORTE S.A.

Burley and Virginia Sun Cured farmers in Nayarit



Agricultural Labor Practices Program

February, 2019

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EXECUTIVE SUMMARY



EXTERNAL ASSESSMENT
Burley and Virginia Sun Cured farmers in Nayarit

In February 2019, Philip Morris International (PMI) requested Control Union to conduct an external assessment of the Burley and Virginia Sun Cured (VSC) tobacco growing operations of its supplier Tabacos del Pacifico Norte (TPN) in the Nayarit region, Mexico. The assessment evaluated the labor practices at TPN contracted tobacco farms, and whether these were meeting the standards of the Agricultural Labor Practices (ALP) Code¹. Control Union (CU) also evaluated TPN'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 two TPN management employees, 22 TPN field employees (including fourteen field technicians), one PMI Regional employee, and one representative of an external stakeholder (NGO) involved in TPN's Sustenta program (which was mainly aimed at elimination of child labor and improvement of safe working conditions). Over a two-week period, CU visited 45 farms² (27 Burley farms and 18 VSC farms) throughout the Nayarit region and interviewed 45 farmers, 26 family members and 96 workers. Among the farms visited, CU conducted 86% of the visits unannounced and without interference from the field technician (39 farms); at three farms (7%) the visits had been announced and at three other farms (7%) the field technician interfered during the visit.

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 TPN's management approach.

TPN started the ALP Program in 2016 with a PMI training for the management and field team. The

contracted farms in the assessment area were mainly small-scale farms growing two hectares of tobacco on average. At the time of the assessment, TPN was monitoring ALP Principle 1 (Child Labor) and 5 (Safe Work Environment), and the TPN's actions and programs were also focused on these principles. Despite these focused efforts, workers had a limited understanding of the minimum age requirements, and both farmers and workers had a limited understanding of Safe Work Environment in general. Awareness with regard to other Principles, in particular workers' rights and benefits (Principle 7), was low to non-existent among workers as well as farmers and family members.

Field technicians were trained regularly; group trainings were organized by the ALP Coordinator and field supervisors twice per year. As part of these trainings, field technicians had to take written tests on ALP. Nevertheless, CU identified significant gaps in their understanding of the ALP Code, particularly with regard to Income and Working Hours (ALP Principle 2) and Terms of Employment (ALP Principle 7).

TPN communicated ALP-related topics to farmers mainly via group meetings and regular farm visits by the field team. In addition, the company had developed and distributed a range of communication materials on ALP, including flyers, posters, booklets and radio messages. However, except for the radio messages, these communications were not available in the indigenous languages of the migrant workers.

At the time of the assessment TPN 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. Data for the Farm Profiles was collected at the beginning of the contracting period and was updated after every farm visit when

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 1796 at the time of the assessment), assuming a minimum sample size of 20 to constitute a meaningful sample.

needed. Data for Farm Profiles and Prompt Actions was collected using the Mobileleaf application while monitoring data was collected through the Sustenta application, both of which were available on the field technicians' tablets.

For the 2019 crop year, farm practices were monitored nine times per season on farms where tobacco was grown from seedbeds and eight times per season on farms where seedlings were used, with different sets of questions that were crop stage specific. However, no monitoring data was available for ten of the farms visited by CU (22%). Furthermore, CU found that workers' accommodations had not been monitored at 17 of the 26 farms with accommodation (65%).

At the time of the assessment TPN had reported 73 Prompt Actions for the current year (43 on Child Labor and 30 on Safe Work Environment). Improvement plans for individual farms were made in case of Prompt Action situations and for situations not meeting the standard. All field technicians interviewed were aware of the Prompt Action reporting procedure, but eleven (79%) were not aware of the deadline of the follow-up visit, and none (0%) were able to provide a correct definition of Prompt Actions. Furthermore, the action plans only addressed the current issues, rather than addressing root causes to prevent issues from happening again in the future.

Awareness of the ALP program was limited, particularly among workers; 80% of farmers, 44% of family members and 6% of workers knew at least one of the principles of the ALP Code. The level of awareness was highest for Child Labor and Safe Work Environment principles, TPN's focus areas. However, significant knowledge gaps were identified regarding the other ALP Code Principles. In particular, farmers and workers were generally unaware of legal benefits and farmers' obligation to inform workers about their legal rights.

Based on their risk assessment and the Prompt Actions raised, TPN had launched nine initiatives to address widespread and systemic issues. The

majority of these initiatives were part of TPN's Sustenta program. The main goal of this program was to ensure safe work conditions and proper accommodations for migrant farm workers and to eradicate child labor by providing child care centers for migrant workers' children. In addition, TPN had initiatives in place to collect empty CPA containers ('Campo limpio') and to provide Personal Protection Equipment (PPE) and storage lockers for Crop Protection Agents (CPA). Furthermore, TPN had a pilot initiative to provide stringing machines (however, none of the farms visited by CU were in the scope of this initiative).

The main findings from CU's farm visits were related to the ALP code Principles of Child Labor, Income and Work Hours, Safe Work Environment, and Terms of Employment. Most importantly, CU found 23 children involved in tobacco-related activities, which shows that child labor is still a serious issue in this region. With regard to workers' payment, CU found that most workers were paid in accordance with the legal minimum wage. However, working hours systematically exceeded the standard eight-hour shift, with 12-hour workdays being common among migrant workers, in particular. Furthermore, CU observed a lack of awareness among farmers and workers about legal overtime rates and workers' legal benefits, which corresponded with the limited awareness on these topics among field technicians. Finally, with regard to Safe Work Environment, CU identified a high number of practices not meeting the standard, including lack of training on GTS and CPA, failure to wear complete PPE, and unsafe CPA storage. TPN's initiative to distribute PPE for harvesting and CPA application had not yet resulted in the desired change of behavior, and many farmers still had limited awareness and understanding of the need for safety measures.

Feedback received by CU from farmers, workers and family members showed that interviewees reported an improvement in safety conditions at the farms and a decrease of the number of workers sleeping in the fields. Field staff received feedback from farmers during the farm visits and group meetings,

but there was no formal channel for farmers and workers to provide feedback to the ALP team (other than communication through field technicians), nor was there a structured process in place to collect and report this information. Furthermore, an independent grievance mechanism was lacking.

The outcome of this assessment can be used as a tool to facilitate management with continuous improvement. CU acknowledges TPN'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
Burley and Virginia Sun Cured farmers in Nayarit

Tabacos del Pacifico Norte (TPN) has tobacco growing operations in three regions of Mexico: Veracruz, Chiapas and Nayarit. The majority of tobacco production (75%) takes place in Nayarit, the region of this assessment. For the 2019 crop year, TPN had contracted 2,144 hectares of Burley tobacco and 825 hectares of Virginia Sun Cured tobacco in this region. In 2015 TPN merged with PMI for the Mexico market, after which TPN increased its production from 5.1 tons of tobacco (2015 crop) to 11.3 tons (2016 crop), amounting to an increase of 70% in volume and 30% in headcount. Furthermore, production was extended from one type of tobacco to four types: Virginia Flue-Cured, Virginia Sun-Cured, Burley and Dark Air-Cured. TPN had contracts with all of the tobacco growers and 40% of the seedling growers they worked with.

In the 2015-2016 growing season TPN began to implement the ALP program, including training of the growers and field technicians, collecting data for farm profiles and monitoring 80% of its farm base. In 2016-2017, TPN defined a three-year action plan with PMI and started monitoring 100% of the farm base. At the end of 2018 TPN began implementing its core monitoring program - the Sustenta program - and started collecting Prompt Action data.

TPN introduced mechanical transplantation in 2011 to improve efficiency and reduce labor. In the 2019 crop year the transplantation machines were used at all farms growing Burley, Virginia Sun-Cured and Virginia Flue-Cured tobacco. TPN also implemented biological pest control methods, which in the 2018 crop had resulted in a 35% reduction of chemicals application. The tobacco farmers contracted by TPN were independent farmers; their production contract with TPN ensured a guaranteed crop sale, technical and financial assistance, and transport of their tobacco to the buying centers.

Chapter 1

IMPLEMENTATION OF THE ALP PROGRAM



EXTERNAL ASSESSMENT

Burley and Virginia Sun Cured farmers in Nayarit

1.1 Commitment to the ALP Program

On their global website, Universal Leaf Tobacco (of which TPN is an affiliate) committed publicly to improve labor practices and to progressively eliminate child labor in tobacco production. In addition, TPN had local policies in place showing commitment to ALP through their Sustainable Tobacco Production (STP) policy and Child Labor policy. These policy documents were reviewed every two years and signed by the Director and the ALP Coordinator of TPN. The company's field and management personnel showed commitment to the ALP Program and acknowledged the relevance of the ALP Code requirements in terms of the importance of maintaining good working conditions at the farms contracted by TPN.

1.2 Strategy and objectives

At the time of the assessment, TPN focused its efforts on two ALP Code Principles: Child Labor and Safe Work Environment. The objectives for the 2019 crop year were as follows:

- Eliminate child labor below the age of 18
- Improve safe working and living conditions
 - a. No workers living in the tobacco fields
 - b. No workers in the field at night
 - c. All migrant workers have access to adequate accommodation
 - d. All workers have access to toilets facilities and shaded rest areas in the field
 - e. Use of PPE for CPA application and harvesting

To address these objectives, TPN had set up the Sustenta program and was implementing several initiatives (see Chapter 1.6). Farmer compliance with the Sustenta program was linked to financial benefits (bonuses).

Furthermore, TPN conducted an annual internal risk assessment to rate the probability and severity of risks for each ALP Code measurable standard. TPN's risk assessment identified the following measurable standards as involving a high risk of non-compliance:

- There is no employment or recruitment of child labor;
- No person below 18 is involved in any type of hazardous work.

However, CU found that this risk assessment did not fully correspond with the situation observed at the farms visited during the assessment, as several issues were identified which had not been classified as 'high risk' by TPN. These issues related, in particular, to workers benefits required and applicable by law, written contracts, and several measurable standards of Principle 5 (Safe Work Environment). Additionally, it was found that TPN's risk assessment did not include a root cause analysis.

TPN had an action plan in place for the years 2017-2020 to address the risks identified for Child Labor and Safe Work Environment (the other ALP principles were not addressed in the action plan). However, behavioral change was not specifically targeted or measured.

TPN's response:

"A consequence management process will be designed and implement as well as specific consequences for non-compliance of SUSTENTA requirements. A procedure (and consequences if pertinent) will apply to those farmers who do not comply with what is specified as specific consequence for non-compliance and identified on our operation. A new risk assessment will be conducted in order to include all topics related to the ALP Code.

The consequence management process that will be reviewed and updated annually, was included in the production tobacco contract from the start of the season 2019 - 2020, and its implementation was communicated to the growers' union during the union's meetings and to each farmer separately.

The consequence management process will be applied in accordance to the results of the ALP monitoring process (SUSTENTA program). The information from the monitoring will is captured in a software system developed locally by TPN which allows to collect and manage it, to keep track of compliance and for follow up and further support.

Training sessions were provided from the incorporation of the new employees to TPN in reference to the ALP code and SUSTENTA requirements and the Mexican regulations, which continue throughout the season. In addition, follow up meetings are held regularly with the team's coordinator and supervisor to monitor progress, to communicate any relevant information or updates related to the program, to express concerns or doubts or to discuss any particular issues, specially those related to child labor and safe working environment.

Implementation date: August 2019

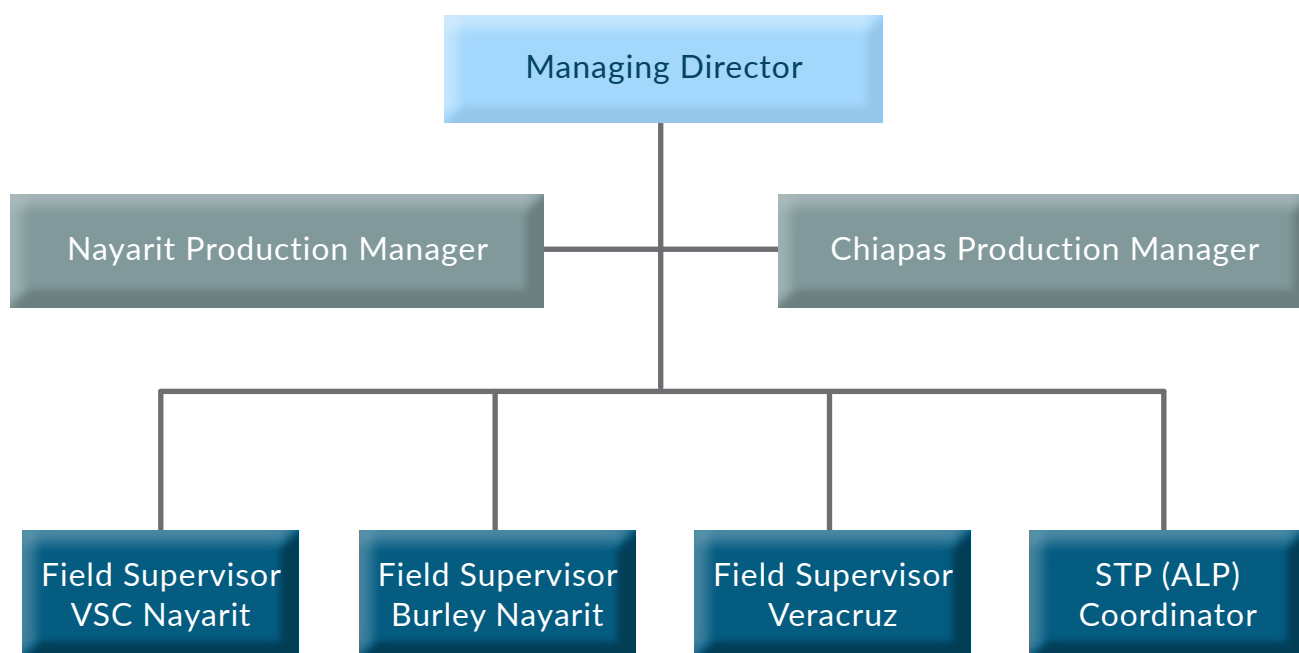
Responsible: MD Mexico & STP Coordinator."

1.3 Internal capacity

1.3.1. Dedicated organizational structure

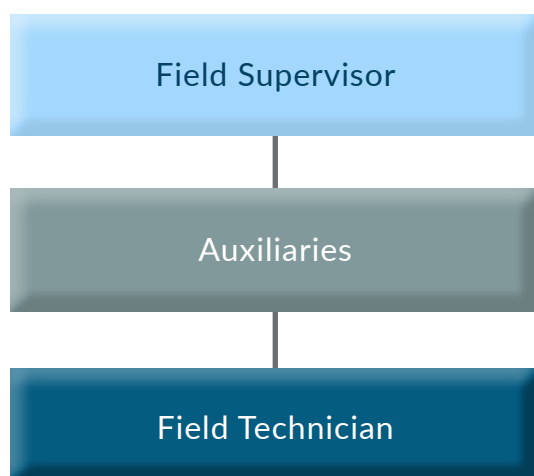
TPN had a dedicated organizational structure for ALP program implementation, consisting of a Steering Committee and ALP Country team (see charts below). The field technicians, auxiliaries³ and field supervisors (who were the link between the field team and the management) were also part of the internal structure for implementing the ALP Program. TPN worked closely together with PMI Regional ALP Team and received guidance on the implementation of the ALP Program.

ALP Steering Committee



3. Auxiliaries assisted field technicians with Mobileleaf, farmer trainings, Prompt Action reporting and any other issues requiring support.

ALP Country team



To keep track of ALP implementation at the farm level, all farms were regularly visited by the field technicians. In addition, a subset of these farms was also visited by other ALP Team personnel to validate and complete the data collected by the field technicians. In the assessment area, the average number of farmers per field technician was 84.

1.3.2. Roles and responsibilities

The upper management of the ALP Team were responsible for communicating ALP updates and projects to PMI, and approving and supporting local projects for ALP implementation. All members of the ALP Steering Committee and ALP Country Team (field team) had ALP-related roles and responsibilities defined in their job descriptions, including:

- Farmers training;
- Prompt Action reporting;
- Data collection for Farm Profiles;
- Farm-by-farm monitoring of ALP Code;
- ALP strategy definition.

The field technicians were responsible for collecting the farm data. This data was validated by the auxiliaries and field supervisors, who were also responsible for training and evaluating the field technicians. The ALP Coordinator was responsible

for analysing the validated data, writing reports and developing communication materials. Together with the Managing Director, the ALP Coordinator was also responsible for setting the strategies for ALP implementation.

Field technicians (who were supported by auxiliaries and field supervisors) were in charge of farmer trainings and responsible for visiting and monitoring the farms throughout the growing season. In addition to supporting farmers in all aspects related to growing tobacco, their task was to monitor the practices on the farms, and to report Prompt Actions and situations not meeting the standard.

TPN's response:

"A new ALP structure was implemented starting from season 2019 – 2020, with the purpose of providing adequate support to the field team and farmers. In addition to the team already in place, this restructuring involved the recruitment of four new employees for the 'ALP team': An ALP supervisor and 3 ALP auxiliaries.

The main responsibilities of the ALP team are providing training to farmers contracted by TPN and their workers through different methods (farmers or workers training meetings, one-on-one training sessions) and by making use of other resources (written and printed materials); as well as the collection and validation of the information related to the program.

Through these measures TPN aimed to strengthen the field team's structure and assemble a professional and specialized team, focused on ALP compliance, that is able to properly communicate, train and offer support in accordance to our commitment to the ALP Code and STP policies.

Implementation date: August 2019

Responsible: MD Mexico & STP Coordinator."

1.3.3. Training and knowledge of the ALP Program

The field team and management team had received an ALP training from PMI in 2016. In general, the management staff had a good understanding of the main purpose and content of the ALP Program, but among the field team some knowledge gaps were observed with regard to contract requirements and terms of employment (ALP Principle 7).

The field technicians received ALP trainings twice per year from the ALP Coordinator with support from the field supervisors. Auxiliaries and field supervisors received ALP trainings once per year from the ALP Coordinator. Written tests were used to assess the field technicians' knowledge on ALP.

CU's assessment of the field technicians' knowledge of the ALP Code Principles showed the following results⁴:

1. **Child labor:** All field technicians were aware of the meaning of this ALP Code Principle. Five field technicians (36%) were aware of the difference between the requirements for family and non-family children, while nine field technicians (64%) did not mention this. All field technicians were aware that no hazardous work should be performed by persons below 18 years old. Three field technicians (21%) mentioned that all activities were hazardous and five (36%) mentioned that only CPA related activities were hazardous. Nine field technicians (64%) did not mention harvesting as a hazardous activity.
2. **Income and work hours:** Four field technicians (29%) were not able to state the exact legal minimum wage for working with tobacco. Only three field technicians (21%) could mention the benefits required by local law; two field technicians (14%) thought that benefits were not applicable to farm workers, and two (14%) were not aware that any benefits were required (see Appendix III). Only two field technicians (14%) stated the correct legal overtime rate.
3. **Fair treatment:** All field technicians understood that workers must be treated fairly. However, none of them mentioned that farmers must be available to their workers to discuss potential grievances, or that workers should have access to an independent support mechanism.
4. **Forced labor and human trafficking:** All field technicians were able to explain this ALP Code Principle, mentioning that workers should be free to leave their employment. Two field technicians (14%) also mentioned that workers must receive their wages directly from their employer.
5. **Safe work environment:** Regarding this Principle, all field technicians (100%) mentioned that a safe and sanitary work environment should be provided. Also, 13 field technicians (93%) mentioned that workers should wear PPE when performing farm activities, and three (21%) mentioned that workers' accommodation should be clean and safe and meet the basic needs of workers. Two (14%) mentioned that persons handling CPA should be trained; none (0%) mentioned that persons handling green tobacco should be trained; none (0%) mentioned that farmers should observe a re-entry period after CPA application; and two (14%) mentioned that farmers should provide clean drinking and washing water to their workers.
6. **Freedom of association:** All field technicians had an adequate understanding of this ALP Code Principle. However, as there were no active labor unions in the region, the concept of unions and associations was vague to them.
7. **Terms of employment:** Two field technicians (14%) were able to explain this principle; they mostly understood it as the need to comply with local laws. Twelve field technicians (86%) mentioned that verbal contracts were legally allowed (while Mexican law states that written contracts are required; see Appendix III) and six field technicians (43%) did not mention that farmers should inform workers about their legal rights.

4. For this assessment CU interviewed 14 field technicians.

TPN's response:

"With the objective of ensuring that all members (Field technicians, supervisors, ALP auxiliaries and ALP Supervisor) involved in the operation are well informed of the importance of the ALP code principles and STP policies, training sessions will be given, focusing specially on the training of Field technicians. In the next three years, three training sessions will be provided per year.

In order to increase the team's communication skills and improving the information delivering process to farmers and workers, they will be given three training sessions per year in the next three years. A consulting company, specialized on group training, will be contracted to conduct a specific training on "effective communication" (Attitudes, Communication, Motivation y Team work). Three training sessions will be scheduled related to this topic: One conference on "Effective communication" (July 2019), one workshop on "Communication skills" (part 1 November 2019) and one workshop on "Communication skills" (part 2 January 2020). Tests will be applied before and after to evaluate their progress.

The training sessions will take place during the different stages of the crop. Additionally, training tools (posters, cards, audio and video trainings) will be implemented with the support of an external collaborator. Methods to measure the effectiveness of the trainings strategies (examinations) will be implemented; the result will be communicated to the management level quarterly.

We will ensure that during the training sessions the following points will be highlighted:

-What is related to unannounced visits carried out during external audits or monitoring exercises to avoid infringements of its regulations and procedures. The importance of the observance of the visits' procedures will be emphasized to act accordingly, especially on how interfering and/or giving previous notice to the farmers undermines the reliability and validity of data collection

- Safe work environment issues.
- Mexican law regulations and ILO in terms of working hours, frequency of payments and minimum wages.

A 3 years training program specific for ALP team will be also scheduled to improve knowledge and skills for root causes identification. (Root causes for these issues must be identified in a participatory manner and considered in order to find appropriate and long-lasting solutions).

As an additional measure, annual performance objectives in relation to ALP goals for each FT will be set in an effort to achieve the ALP goals:

- 100% farmers not employing child labor
- 100% farmers paying, at least, minimum wages
- 100% farmers have access to PPE for CPA & GTS
- 100% of migrant workers have access to adequate accommodation

A training program on field monitoring techniques for the ALP Team will be also provided, aimed to provide the necessary knowledge to carry out monitoring techniques and to further improve their communications skills. A specific monthly training program will be carried out with the support of a specialist:

1. Monitoring techniques - External trainer (Sep 2019)
2. Communication skills - Konfronta (Oct 2019)
3. Monitoring techniques - (Nov 2019).

This will be done on a yearly basis and dates will be updated accordingly for 2020 and 2021.

As well, training sessions will be scheduled related to field monitoring techniques for the field team as follows:

1. Social Audit Principles and Social Compliance (July 2019)
2. Knowing the standards & FAQs (October 2019)
3. Calibration exercises: Field Conditions (November 2019)
4. Calibration exercises: Accommodation (January 2020)

This will lead to a proper and solid understanding in regards to the requirements and consequences for non-compliance with the ALP Code principles and STP policies.

With the support of the regional office, internal assessments will also be conducted to validate the implementation and comprehension of the program. A report of findings and feedback will be provided to establish an action plan.

Particularly in regards to those issues related to payments, the farmers to ensure that workers are being paid in accordance to Mexican regulations will keep payment records. Records will also be kept to monitor working hours (time of entry/departure and rest periods during the day).

Implementation date: October 2019

Responsible: STP Coordinator

For next seasons the dates will be updated accordingly."

1.3.4 Internal communication

The Steering Committee held three meetings per tobacco season. In addition, informal communication among colleagues took place on a more frequent basis.

The field team (field technicians, auxiliaries and field supervisors) collected the farm data and reported back to the ALP Coordinator, who was responsible for analyzing and sharing the farm data with the Management Team. The ALP Coordinator produced weekly ALP reports on the Prompt Actions, monitoring and trainings, monthly reports on the collection of empty CPA containers, and annual reports on the Farm Profiles.

1.4 Communication of the ALP Code requirements to farmers

1.4.1 Communication strategy and tactics

TPN started communicating the ALP Code to farmers in 2015. Communication efforts focused on all ALP Principles.

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

- **Field technician visits:** TPN's field technicians conducted regular visits to the farms. On average, field technicians visited each farm every ten days for monitoring and support, including individual training of farmers and, occasionally, training of family members and workers.
- **Visits by senior Field Team staff:** auxiliaries and supervisors accompanied the field technicians during farm visits when their support was needed with regard to ALP or crop-related issues;
- **Sustenta visits:** In collaboration with the NGO Fundación Mexicana de Apoyo Infantil (FAI), TPN perform external verification to verify the situation and compliance of SUSTENTA among farmers that hired migrants and local workers.
- **Purchase/sale contracts:** TPN's contracts with farmers stated the ALP principles and described the required commitment of farmers to adhere to these principles.

Furthermore, TPN had developed a range of ALP-related communication materials (see Appendix IV):

- **ALP Code leaflet:** this leaflet provided written and visual information about the seven ALP Principles.
- **ALP Code and Sustenta leaflet:** this leaflet provided written information about the seven ALP Principles and Sustenta program objectives.
- **ALP Code leaflet for field technicians:** this leaflet was aimed at the field technicians and provided written and visual information about the seven ALP Principles and Mexican labor law requirements.
- **GAP leaflet:** this leaflet provided written and visual information on Good Agricultural Practices (GAP), including information on child labor and safe work environment.
- **General recommendation poster:** this poster provided written and visual information on general recommendations regarding child labor and safe work environment.

- **Sustenta leaflet:** this leaflet provided written and visual information about the Sustenta program requirements.
 - **Sustenta video:** this short video explained the Sustenta program requirements and objectives.
 - **Safe work environment leaflet:** this leaflet provided written and visual information on safe handling of CPA, PPE use, and symptoms and avoidance of GTS.
 - **ALP pocketbook:** this booklet provided a written and visual summary of the seven ALP Principles for farm workers.
 - **Radio messages:** These messages were about ALP and were broadcasted in indigenous languages of migrant workers (Cora and Huichol).
- In the Sustenta leaflet, the pictures showing the required PPE for harvesting did not include gloves.
 - The ALP leaflet and the Sustenta video showed workers stringing tobacco leaves without gloves.

Furthermore, except for the radio messages, all materials were in Spanish only, which could limited their use for migrant workers.

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 TPN's focus areas, awareness among farmers was highest for the topics of Child Labor and Safe Work Environment, and lowest for the topics of Freedom of Association and Terms of Employment. Awareness among family members was generally lower, while awareness among external workers was extremely low for all principles.

The communication materials were all professionally made and contained clear visual information. In addition, CU found that the leaflets were present at most of the farms visited. However, a few gaps in the communication materials were noted:

Level of awareness of ALP Code Principles*

	Farmers (T=45)	Family members (T=26)	External workers (T=96)
Child labor	25 (56%)	7 (27%)	3 (3%)
Income and work hours	20 (44%)	5 (19%)	1 (1%)
Fair treatment	10 (22%)	4 (15%)	-
Forced labor and human trafficking	9 (20%)	2 (8%)	-
Safe work environment	25 (56%)	6 (23%)	5 (5%)
Freedom of association	1 (2%)	-	-
Terms of employment	3 (7%)	-	-

*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 (T=36 out of 45)	
During regular visits by the field technician	17 (47%)
Group meetings	25 (69%)
Flyer/Poster	15 (42%)
Sustenta auditors	1 (3%)

*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=8 out of 26)	External workers (T=5 out of 96)
Verbally from the farmer	4 (50%)	5 (100%)
Verbally from the field technician	6 (75%)	2 (40%)
Radio	4 (50%)	1 (20%)
Flyer/poster	4 (50%)	
Other	-	-

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

These results show that TPN's communication strategies were all contributing towards informing the farmers about the ALP Code, with group meetings being the most effective. Both verbal communication and printed materials were important for raising awareness, but the awareness among family members and workers, in particular, was still very low for all the principles.

TPN's response:

"In regards to the communication of the ALP Code requirements to farmers, during the price meeting 2020 with the grower's union 'ARIC', scheduled for August 15th and 16th, a consequence management process was presented including the modification to the Article 995 in the labor Mexican law (LFT) in regards to child labor. This, with the objective of increasing awareness among the growers' in regards to the legal requirements and consequences for the ALP program. For the meeting, new printed materials were designed and distributed of the season's Sustenta program such as: ALP Code principles, Field Conditions, Adequate accommodation, PPE for CPA's and GTS usage, terms of employment (Obligations).

Also, a commitment letter related to the Sustenta Goals and legal consequences on labor law (LFT) was delivered by the FT's to each farmer and signed by them.

Concerning to that related to the communication to migrant workers, in collaboration with the "National Institute of Indigenous peoples" (INPI) representatives in their communities, printed materials were distributed (graphic examples) with the description of the consequences for non compliances for the farmer and how it might impact work opportunities for them during the community meetings. The message we aimed to communicate is for migrant workers to be aware of their benefits such as: ALP Code, field conditions, adequate accommodation, PPE for CPA's and GTS usage, terms of employment, among others. We aimed to reach 10 communities in the highlands.

Also, to strengthen communication about Sustenta with migrant workers, new communication messages were designed for diffusion and reinforcement of the Sustenta program 2020 in their communities or origin, from the 4th week of October of 2019. These messages were delivered by the INPI representatives in different communities at community meetings and along with radio spots, they stressed on the prohibition of child labor and the program's benefits (accommodation, CAELs, etc.). The messages were communicated in accordance to the cultural

particularities that had been previously noted in past communications and we had counseling by the minority communities' representatives. 3 radio messages were developed to be on air on 3 radio stations which included important information such as:

- Child labor prohibition – Encouraging assistance to Child Care center and informing of presenting an ID as a mandatory requirement to work on tobacco farms.
- The benefit of accessing/provision of free, adequate, clean and sufficient accommodation by the farmers and the support of TPN personnel to help them at any moment from their arrival.
- Labor conditions - All farmers will provide resting and food areas, as well toilets on field.

In reference to the communication to local workers, our plan was to improve it during the training sessions on plots through the distribution of printed materials (graphic examples) with the description of the consequences of non-compliance for the farmer and how this would affect working opportunities for them.

Our objective was that all farmers received training material and increased their knowledge on ALP and as a result, that farmers and workers have a clear understanding of the consequences for non-compliance and the measures that would be taken by TPN in such cases."

1.4.2 Farmers' responsibilities

At the beginning of each crop year, farmers signed a new growing contract with TPN that included clauses on ALP. The contract also stated that in case a farmer repeatedly breached the ALP Code and the situation could not be solved, the company would ultimately stop contracting the farmer in question. Farmers would receive written notice in case TPN decided to terminate their contract. So far, six contracts had been terminated for ALP reasons; these were all farmers with migrant workers who did not want to comply with the Sustenta requirements.

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

At the time of the assessment, TPN was collecting three types of ALP-related data from the farms: socio-economic information (Farm Profiles), situations not meeting the standard, and Prompt Actions. TPN used two digital data collection systems: Mobileaf for collecting Prompt Actions and Farm profile data, and Sustenta for collecting monitoring data. The systems both consisted of a desktop version for the office and a mobile (tablet) version for the field technicians. The field technicians visited the farmers every ten days on average.

TPN's response:

"TPN acknowledges that reinforcing monitoring and providing adequate training for its satisfactory implementation is crucial.

Having this in mind, a full-time auxiliary will be assigned for data management, who will be responsible for the follow up on the ALP data collection process (Monitoring, Prompt Actions and Farm profiles) and will also conduct random verifications on field. This will ensure that 100% of farm profiles are collected and verified.

Correspondingly, with the help of the support personnel for data management (MBL) and the ALP coordinator, training sessions will be provided to field technicians, specifically for farm profile collection, increasing the understanding of the relevance of collecting accurate data and improving skills on data collection processes. In order to verify and monitor this measure, we will conduct random verifications of farm profile and ALP collection.

Trainings will take place throughout the season: At the beginning and during of the crop and also during the harvest.

It is important to mention that the new Mobile Application that TPN's IT department will develop,

will enable field technicians to consolidate all of the information, in order to simplify and make this process more efficient.

To improve the accuracy of data, and ensure that the information corresponds with the actual situation at the farms, the reconfiguration of the MLB (New version for Mobileaf for FT's) will include validation and reduce the unnecessary modules of data and provide solid training.

Implementation date: September 2019

Responsible: STP Coordinator

For next seasons the dates will be updated accordingly."

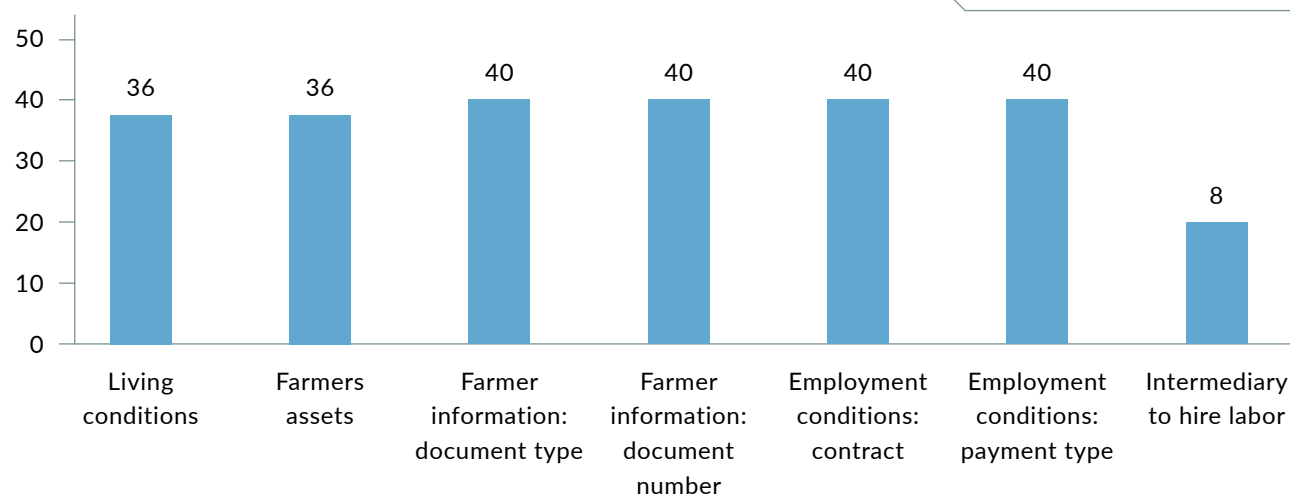
1.5.1 Socio-economic data: Farm Profiles

The socio-economic information for Farm Profiles was collected at the beginning of each contracting period, and had to be updated after every visit by the field technicians. The field technicians could access the Farm Profiles through the Mobileaf system on their tablets.

CU verified whether the information in the Farm Profiles matched with the farm situation observed during the farm visits. For 40 (89%) of the farms visited by CU an updated Farm Profile was available; for three farms (7%) only the Farm Profile of previous season was available; and for two farms (4%) no Farm Profile was available.

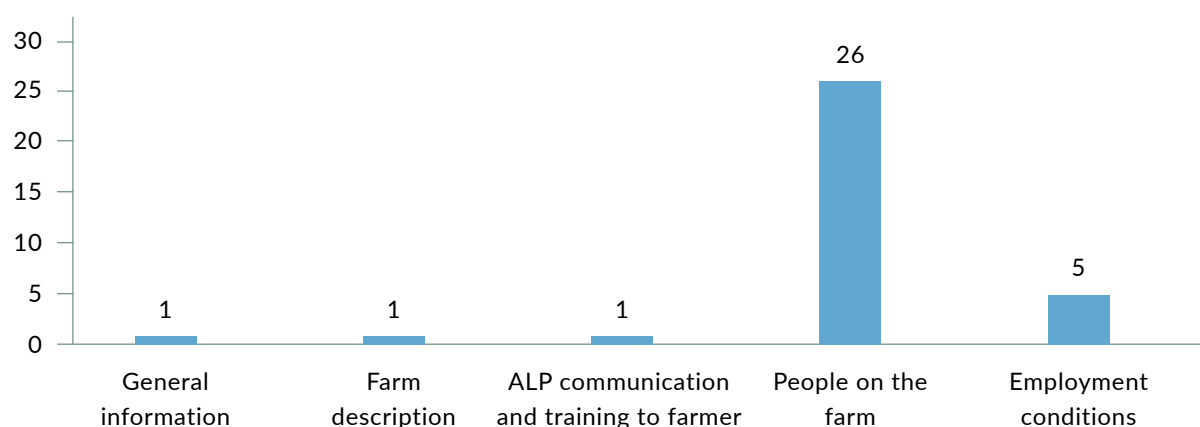
For the 40 farms with an updated Farm Profile, CU compared the reported data to the actual farm situations and found none of the profiles to be complete. The graph below shows the number of reports from which specific information was missing:

The number of reports from which specific information was missing



In addition, for 32 of these 40 farms (80%) CU found that the reported information did not fully correspond with the situation found at the farm. The graph below shows the number of reports from which specific information was not in line with the farm situation observed:

The number of reports from which specific information was not in line with the farm situation observed



1.5.2 Systematic monitoring: situations not meeting the ALP Code standards

To collect monitoring data with regard to situations not meeting the standard, TPN used the monitoring module of the Sustenta application. This module contained different series of questions for three different crop stages (seedbed, crop and harvesting), which had to be completed within a set time frame. For the 2019 crop year, farm practices were monitored nine times per season on farms where

tobacco was grown from seedbeds and eight times per season on farms where seedlings were used. Information was collected by the field technicians through observation and interviews.

The Sustenta software allowed field technicians to enter comments or explanations, but did not allow them to enter improvement plans for addressing

issues present at the farms. In addition, CU identified two ALP principles that TPN was not monitoring at the time of the assessment: Freedom of Association, and Terms of Employment.

Monitoring data was available for 35 (78%) of the farms visited by CU. Among the 26 farms with accommodation for migrant workers, there were 17 farms (65%) where this accommodation had not been monitored. In addition, for none of the farms for which monitoring data was available, the farm situation observed by CU fully matched the monitoring data recorded in Sustenta, as shown in the table below:

Monitoring data not matching with farm situation observed	Number of farms
Children at the farm	12
Number of local workers	20
Number of migrant workers	19
Farm free of child presence	14
Workers sleep at the villages	5
No night work	3
Adequate rest area (shed)	15
Adequate toilet facilities	12
CPA box provided by TPN is being used	14
PPEs are being used for CPA application	21
Drinking water available	4
Working hours according to the law	28
Adequate migrant accommodation	4

Furthermore, among the monitoring questions for the seedbed stage, there were two questions of which it was unclear whether they related to child labor or simply to the presence of children at the farms: "children at the farm" and "farm is free of child presence" (see Table above).

TPN's response:

"SUSTENTA Program is the name of TPN action plan to address the main issues found it related to ALP in our operation, such as : SAFE WORK ENVIRONMENT, INCOME & WORKING HOURS, CHILD LABOR & EMPLOYMENT CONDITIONS.

SUSTENTA app will be update to include action plans & register any non compliance as a prompt action, according to ALP program.

Additional to SUSTENTA app, TPN uses Mobileaf software to register ALP monitoring, this app will be updated to include the principles mentioned above.

Implementation date: October 2019

Responsible: STP Coordinator

*For next seasons the dates will be updated accordingly

An information validation process will be implemented, which will be carried out by the ALP team. The accuracy of the information during field visits will be corroborated as described below:

- During their weekly farm visits program the ALP auxiliaries will validate the information collected by field technicians, this validation can be conducted directly on the FT tablet or on the weekly report generated by system.
- Any required modification will be communicated to the FT, in order to update it on their system on their next visit.
- In order to increase accuracy of the information an information cut will be made at the end of each stage of the 3 stages of crop:

Seedling: September to December

Crop: October to February

Harvest: December to May

- This will reflect a farm profile by stage, providing more accurate data.

A new monitoring scheme will be implement based on the below visits schedule, which will cover 6 visits:

- *Seedbeds: 1 visit*
- *Crop: 2 visits*
- *Harvest: 3 visits*

Implementation date: October 2019

Responsible: STP Coordinator

**For next seasons the dates will be updated accordingly."*

1.5.3 Prompt Actions

Prompt Actions were reported based on a pre-defined list of the company, using the Mobileaf system. When a Prompt Action situation was observed, the procedure was to stop the situation and agree with the farmer on a corrective action. If no action plan could be agreed, the procedure was to arrange a new visit together with a superior to ensure that an agreement was reached. Next, the field technician, accompanied by a superior, would conduct a follow-up visit within 1-3 weeks to check if the Prompt Action situation was solved. In case a farmer repeatedly breached the ALP Code, TPN would terminate their contract (see Chapter 1.4.2).

At the time of CU's assessment, 73 Prompt Actions had been reported for the current season (2018-2019). Forty-three of these were on the topic of Child Labor, and 30 on the topic of Safe Work Environment. Among the farmers visited by CU, three farmers had a reported Prompt Action in the system. Two of them were not aware of the reported Prompt Action, and in one of these cases the reported incident was reoccurring at the time of CU's visit.

All field technicians interviewed by CU knew the Prompt Action reporting procedure, except that eleven field technicians (79%) were not able to state the deadline for the follow-up visit. In addition, none (0%) of the technicians interviewed had a

correct understanding of the meaning of Prompt Actions:

- Nine field technicians (64%) said that a Prompt Action was 'any violation of the ALP Code';
- Three field technicians (21%) said that a Prompt Action was 'child labor and/or breastfeeding or pregnant women working in tobacco';
- One field technician (7%) said that a Prompt Action was 'child labor or workers not using PPE';
- One field technician (7%) said that a Prompt Action was 'any risk for workers or children'.

TPN's response:

"Specific training related to the Prompt actions procedure will be provided to the Field technicians. This training will cover the understanding of the Prompt Actions list, training tools and usage of the app Mobileaf (MBL) to collect PAs.

Prompt actions procedure will be updated to include in the consequence management process.

Implementation date: October 2019

Responsible: STP Coordinator

**For next seasons the dates will be updated accordingly."*

1.5.4 Data management and analysis

Field technicians were responsible for updating the Farm Profiles after every visit. In addition, they had to collect farm monitoring data using questionnaires that were crop stage specific (see Chapter 1.5.2). All field data was collected using the Mobileaf and Sustenta tablet software. The ALP Coordinator compiled the data into reports and analyzed the data together with other management staff.

1.5.5 Improvement plans for individual farms

In case of a situation not meeting the standard or a Prompt Action situation, field technicians had to draw up an improvement plan (action plan) together with the farmer in question and make

one or more follow-up visits to check if the farmer had implemented the plan. However, CU found that the improvement plans only addressed the issues of the moment rather than the underlying causes– for example, if a worker was found working without PPE, field technicians would provide the workers with PPE and/or advise them to use it - but root causes were not identified. As an additional incentive for improvement, TPN used a bonus system for the regular farm visits, where both field technicians and farmers could earn credits for their performance (based on a separate checklist).

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 (STP) initiatives, community programs (possibly supported by PMI's Contributions) and engagement with key stakeholders.

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

- **Distribution of PPE for CPA application and harvesting:** To improve work safety, TPN distributed PPE for CPA application and harvesting, and paid part of the costs of this equipment. Among the farmers visited by CU, 42 farmers (93%) had received the complete PPE sets. One farmer (2%) had received only PPE for CPA application and two farmers (4%) had received no PPE at all. The majority of farmers reported to find the PPE very useful as this equipment meant better protection for them and their workers.

TPN's response:

"Distribution of PPE for CPA application and harvesting

In relation to findings concerning PPE for CPA's and GTS for the season 2019 - 2020 TPN established as a priority 'to ensure access to PPE for all farmers'. Consequently, and considering that this has been

defined as a mandatory standard, TPN will provide PPE for CPA's and GTS for 100% of the contracted farmers, ensuring access for all workers in the fields. PPE will be supplied as follows: 1 CPA PPE by farmer and 2 GTS PPE by farmer.

A matrix of PPE usage by activity in accordance to the risk assessment will be created. In order to guarantee the supplying on time, PPE for CPA's will be supplied at the same time than the first delivery of fertilizer and harvest PPE will be supplied at the same time than the surckercide. The supplying will be linked to the financing scheme, so that those farmers who not receive PPE will not receive more financing until the delivery or demonstrated possession of PPE for all their workers.

To verify the provision of PPE's, the ALP team will keep track of a monitoring report and as back up evidence, a record of issued PPE tickets will be kept as well as field evidence (printed signals filled in by hand of the date in which the farmer received the PPE signed by the farmer). this to ensure that the complete EPP has been in fact, supplied to the farmer.

Raising awareness and knowledge of GTS and the risks associated with the application of CPA's without the proper or complete PPE among farmers and workers is key to promote and implement their usage. These issues will be addressed during the training sessions at the farmer meetings in the 'ejidos' and at the farm during farm visits.

Implementation date: October through April for seasons 2020, 2021, 2022

Responsible: STP Coordinator & Field management team."

- **Distribution of CPA lockers:** This initiative was implemented by TPN to improve safe CPA storage at the farms. Among the farms where this was checked by CU, 30 farmers (68%) had received a locker from the company while 14 farmers (32%) stated that they had not received one. Farmers who had received a locker found this initiative useful as it allowed safer CPA storage.

TPN's response:

"Distribution of CPA lockers:

TPN will guarantee access to CPAs storage boxes to TPN's contracted farmers, at the same time of provision ALP team will give training to farmers and workers on all topics including what relates to CPA's storage according to the ALP code and the Mexican law.

Our objective is to increase the provision of CPA boxes as follows:

- *2019: 80% of contracted farmers*
- *2020: 90% of contracted farmers*
- *2021: 100% of contracted farmers*

As means of verification, a record of the farmers who receive the storage box will be kept and updated and our Sustenta monitoring results will serve to ensure the achievement of our objectives for each season.

Implementation date: October through April for seasons 2020, 2021, 2022

Responsible: STP Coordinator & Field management team"

- **Campo Limpio program (for collecting empty CPA containers):** this initiative was implemented by TPN to promote safe disposal of empty CPA containers. Among the farms visited by CU, 25 farmers (56%) made use of this program and returned their empty CPA containers to the field technicians; 20 farmers (44%) did not make use of the program (see Chapter 2.5).

TPN's response:

"Campo Limpio program (for collecting empty CPA containers):

With the support of AMOCALI (a local NGO) an awareness campaign will be carried out during the season, with the purpose of increasing the knowledge about the 'Campo limpio' program and to increase the number of farmers disposing correctly empty CPA containers, which we will be able to verify through

the program's records. Our minimum objective is 70% of recovery of CPA's empty containers. In the coming seasons, TPN will continue to work with our farmers with the Campo Limpio program and try to recover all empty CPA containers.

Implementation date: October through April for seasons 2020, 2021, 2022

Responsible: STP Coordinator & Field management team."

- **Child Care Centers:** Part of the Sustenta program, this initiative aimed to reduce the risk of child labor. TPN worked together with Desarrollo Rural de Nayarit (DERNAY) to provide care centers for migrant workers' children (ages 2 to 14). This initiative provided classes, meals and medical attention during school hours in the harvesting season. Among the 21 farms with migrant children, nine farms (43%) had children participating in these activities; in all these cases the initiative was considered useful and worth participating in again. At the other 12 farms with migrant workers' children (57%), children were not attending the centers because they stayed with their mother or other family members outside the farm (8 farms, 67%) or because, according to the farmer/workers, the transport did not pass through their area to pick up the children (4 farms, 33%).

TPN's response:

"Child Care Centers:

Child presence is considered in Sustenta program and ALP Code as a high risk issue, therefore TPN aims to eradicate this practice in our supply chain and in this way, reducing the risk of child labor. With this in mind, we will provide alternatives for the workers through the child collection strategy, which is carried out by a NGO (FAI) and that entails providing transportation and access for the migrant workers' children to attend to the child care centers (CAEI's), and which will be reviewed in a joint effort with all

parties involved in the local industry in Mexico since it is a shared responsibility.

The joint strategy for child collection will be reviewed and reinforced with all stakeholders in order to guarantee access and attendance to the child care centers.

Implementation date: December 2019, 2020, 2021

Responsible: STP Coordinator & MD México."

- **Funding to invest in workers' accommodations:**

Part of the Sustenta program, this initiative aimed to improve housing accommodations for migrant workers and to prevent workers from sleeping in the field. These accommodations had to meet the following minimum requirements: drinking water available; cooking area; sleeping area and toilet facilities. In addition, they had to ensure sufficient privacy for families and male versus female workers (see also Chapter 2.5.3). Among the farms with migrant workers visited by CU, 30 farmers (100%) had received this funding. Among this group, 26 (87%) found this initiative useful because it improved migrant workers' access to better and safer living conditions. However, four farmers (13%) stated that workers did not want to sleep in the accommodations provided, for example because they wanted to work at night or because they were not used to sleep in the villages (most accommodations were off-farm).

TPN's response:

"Funding to invest in workers' accommodations:

In the interest of resolving the issues related to workers' hesitancy to make use of the accommodation that they are entitled to benefit from, in accordance to the Mexican law and by Sustenta, through awareness campaigns TPN seeks to increase the understanding of the objectives of the program and ALP Code principles, as well the engagement from farmers, workers & industry related to this subject.

The radio messages for the diffusion of the Sustenta program's benefits (that include accommodation) that will be broadcasted in original peoples' communities will help to reinforce this understanding. This will be reinforced by INPI-TPN representatives that will deliver the Sustenta messages during the community meetings before harvesting, when migrant workers are still at their communities of origin. will also help to communicate the benefits of having accommodations off-farm.

When workers are already in the fields, the ALP team will address these issues during the farm-by-farm training sessions and visits.

Implementation date: October through April for seasons 2020, 2021, 2022

Responsible: STP Coordinator & MD México."

- **Increasing the price per 'sarta':** Part of the Sustenta program, this initiative aimed to eliminate night work by increasing the piece-rate payment. (Most of the migrant workers were paid piece-rate and therefore wanted to work as many hours as possible, including working during the night). In order to achieve the goal of this initiative, TPN had established the price per 'sarta' (an approximately three-metre length of stringed tobacco leaves) at \$18.50 Mexican pesos for the 2019 crop year. Among the 42 farms where this was checked by CU, 38 farmers (90%) were paying this rate but four farmers (10%) were not. None of the farmers interviewed were aware that the aim of this initiative was to eliminate night work. At three farms (7%) workers reported to work at night (see also Chapter 2.5).

TPN's response:

"Increasing the price per 'sarta':

Firstly, it is important to mention that TPN aims to act according to what is established in the Mexican law. In regards to minimum wages and sarta prices,

the information TPN provides will be updated as adjustments are made by the Mexican authorities. For the current season 2019 – 2020 the sarta price was set on \$19.6 Mexican pesos. TPN makes annual adjustments to the “sarta” price to ensure compliance with the minimum wage.

Through awareness campaigns TPN seeks to increase the understanding of the scope and objectives of Sustenta as well the engagement from farmers, workers and the industry.

It is important to highlight our commitment to not allow night work. Night work prohibition was a topic raised during the community meetings held by our INPI-TPN representatives at the migrants’ communities of origin and was also included in the radio messages broadcasted previous to the migrant workers arrival. TPN also distributed printed material (graphic examples) with the description of the consequences for non-compliance by the farmers and how it could impact work opportunities for them in this regard.

What is related to night work and its consequences, was also communicated during the training sessions given by the ALP team (which covered all topics) during farm by farm visits and farmer meetings held at the “ejidos”.

Implementation date: August 2019

Responsible: MD México.”

- **Funding to build separate sheds for resting and working in the field (Ramada de descanso/Ramada de trabajo):** Part of the Sustenta program, this initiative aimed to improve working conditions in the field by providing funding to farmers to build two separate shaded areas, one for resting and eating, and one for working (stringing). Among the 44 farms where this was checked by CU, 25 farmers (57%) had two separate sheds at their farm; among these farmers, 96% found it useful to provide shaded areas where workers could either eat or work.

TPN's response:

“Funding to build separate sheds for resting and working in the field (Ramada de descanso/Ramada de trabajo):

Through awareness campaigns TPN seeks to increase the understanding of the scope and objectives of Sustenta and the ALP Code as well the engagement of farmers, workers and the industry TPN's staff.

To reinforce the strategy TPN will continue delivering materials to be used in the resting areas, such as: Chairs, tables, grills, drink water deposits, etc.

Implementation date: October through April for seasons 2020, 2021, 2022

Responsible: STP coordinator & Field management team.”

- **Funding to build toilet facilities in the field:** Part of the Sustenta program, this initiative aimed to improve working conditions in the field by ensuring the presence of toilet facilities. Among the 44 farms where this was checked by CU, 39 farmers (89%) had a toilet facility in the field and all of them (100%) found this initiative useful because it improved convenience for workers.

TPN's response:

“Funding to build toilet facilities in the field:

Through awareness campaign TPN seeks to increase the understanding of the scope and objectives of Sustenta as well the engagement from farmers, workers and the industry.

To reinforce the strategy TPN will continue with the delivery of package materials to build rural toilets (latrines) which include: wood for structures, plastic for cover, wood box and PVC pipes.

Implementation date: October through April for seasons 2020, 2021, 2022

Responsible: STP coordinator & Field management team.”

- **Stringing machine:** TPN had a pilot initiative in place to implement stringing machines in order to reduce costs and labor. However, none of the farms visited by CU were in the scope of this initiative.

TPN's response:

"Stringing machine:

For the current season 2019 - 2020 TPN has invested on 15 stringing machines to cover all Field Technician's areas in Nayarit. This initiative is currently on a pilot stage as TPN has the target to consolidate this project for 2020 -2021.

Implementation date: Jan 2020 through April 2020

Responsible: Field management team."

TPN provided the farmers with CPA, CPA boxes and PPE sets, as well as with funding to build or improve workers' accommodations, toilet facilities and separate work and rest sheds (within the framework of the initiatives mentioned above). The costs of these inputs and investments were partly deducted from the tobacco sales at the end of the season. Among the farmers interviewed by CU, 30 farmers (67%) stated that they were not aware of the exact amount that would be deducted.

Chapter 2

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



EXTERNAL ASSESSMENT
Burley and Virginia Sun Cured farmers in Nayarit

This chapter describes CU's assessment of the working conditions on TPN 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

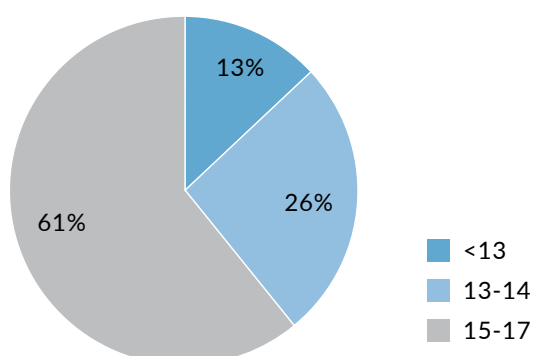
There shall be no child labor.

Main findings and challenges

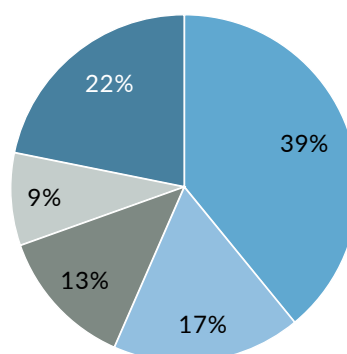
2.1.1 Children working and activities performed

During the farm visits CU identified 23 children involved in tobacco-related activities. Eight of these were child family members and 15 were employed children. Specifically, CU found children below 18 to be employed at four Burley farms (15%) and four VSC farms (22%), while child family members below 18 were observed helping with tobacco-related activities at three Burley farms (11%) and five VSC farms (28%). For many of these children, working in tobacco was a regular or frequent activity (see second graph below).

Ages of children involved in tobacco related activities (N=23)

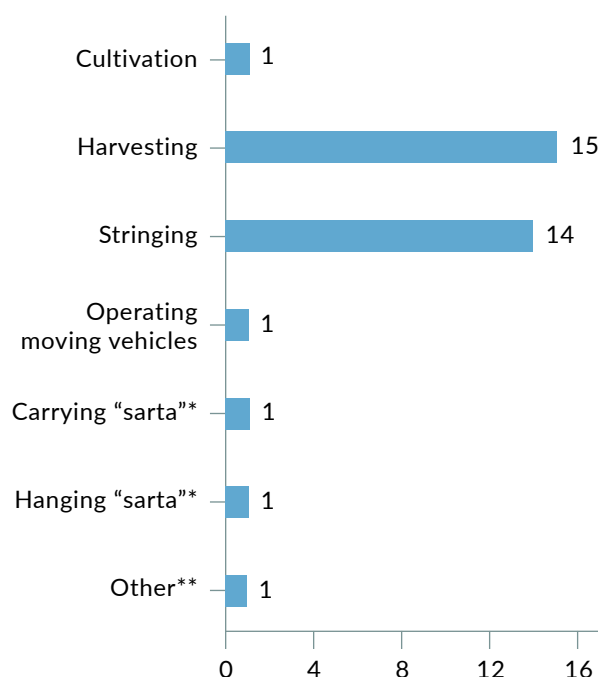


Frequency of children involved in tobacco related activities



- Full shifts full workweek
- Full shifts several days per week
- Only afternoons
- Only weekends
- Others (sporadically)

In addition, CU observed persons below 18 years old to be involved in hazardous activities at seven Burley farms (26%) and four VSC farms (22%) (The graph below shows the number of children concerned):



*A sarta is an approximately three-metre length of stringed tobacco leaves

**Other: child was gathering tobacco leaves from the shed floor for workers to do the stringing (making sartas).

Underlying factors that increase risk

CU identified five underlying factors that increased the risk of child labor:

1. Awareness of the legal minimum working age was limited among workers;
2. Children were employed to help other workers (usually their parents);
3. Farmers did not check their workers' ages;
4. In general, farmers and workers were not aware of the meaning of hazardous work;
5. Farmers' children who were helping on the farm were not considered to be 'working'.

Analysis and priorities

Elimination of child labor was one of the focus areas of TPN, and this ALP Principle had been monitored since the company started implementing the ALP Program in 2016. The topic was also emphasized in TPN's verbal communications and written materials. In addition, the company had an ongoing initiative to eliminate child labor through providing child care centres (see Chapter 1.6). However, these efforts had not yet resulted in a change of behavior, and child labor was still a widespread issue in the assessed area.

TPN's response:

- "A communication awareness campaign (that includes community meetings, radio spots and printed materials) was held before the harvest season with the support of INPI and carried out by INPI-TPN representatives, aiming to increase the understanding of Sustenta program goals and objectives in regards to what is established by the Mexican Law in terms of child labor. This in order to create awareness for the children of migrant workers between the ages of 15 and 18 and who do not have access to childcare centers.

- The ALP team also emphasizes during training field visits, provided to farmers and workers, that children below 18 and whether they are worker's or farmer's children, cannot perform any activity related to tobacco harvesting; the meaning of hazardous work, as well as the consequences of it according to the consequence management process in place. In addition, during this season, to ensure that farmers check on their workers ages, it was included in the production contract between the tobacco growers and the company, that all workers must have an official personal identification to verify that everyone who works in our tobacco fields are not below 18 years old.
- To reinforce the impact of childcare centers the joint strategy between the industry in Mexico will be reinforced with all stakeholders to guarantee access for all minors from 1.5 to 14 years. As migrant workers' children arrival is identified by TPN's field technicians, the child care center's staff in charge of coordinating transportation/ collection will be informed, for them to go directly to the workers and persuade them of sending their children to the care centers. Additionally, In order to avoid child labor as a widespread issue, root causes will be identified and trainings will consider them for finding adequate approaches for the training of both farmers and workers that emphasize on the legal and health consequences of hiring minors.
- TPN will continue providing training to farmers and workers laying stress on the minimum legal age to work and the risk of using child labor and provide information in relation to alternative activities they can roll out instead of those related to tobacco. The training, both for farmers and workers, will highlight the risks that children are expose to in terms of health and safety when working on the field. This training has already been provided in the past seasons, and during the sessions the farmer understand the importance of this matter however, they expressed their concern

related to migrant workers understanding, which is why TPN included some actions mentioned above related to communication in indigenous communities, as key action to address this issue.

The consequence management process will apply when:

- *Farmers hire children below 18 to work.*
- *Farmer allow their own children below 18 to work.*
- *Farmer allow to workers' children below 18 to work.*

For which it is established that immediate contract cancellation applies.

- *To strengthen the monitoring program and minimize risks, TPN includes the presence of children as an immediate action.*
- *ALP monitoring is conducted at all time that the FT's perform a farm visit, and additional to the normal visit the FT's must to carry on 6 visit related to the SUSTENTA program, which mean that the FT's must be focused only for SUSTENTA program.*
- *TPN has the target to eliminate use of hired child labor for 2020.*

Implementation date: Jan through April for season 2020, 2021, 2022

Responsible: STP Coordinator & MD México."

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

At the time of the assessment, the minimum wage in Mexico for the agricultural sector was 102,68 pesos per day. To assess the workers' wages on the visited farms, CU calculated the payment per hour for each worker and compared this to the legal minimum hourly rate (Mexican law defined an eight hour working day, therefore the calculated minimum hourly wage was 12,83 pesos per hour; see Appendix III for detailed legal Information).

Based on the above calculation method, CU found that workers at five Burley farms (19%) and six VSC farm (35%) were not paid at least the legal minimum wage (12.83 pesos/hour). The calculation method used was based on hourly wage, independently that workers were hired for harvesting (hourly basis) or stringing/sticking (piece-rate basis). Most workers were hired for harvesting (hourly basis) and stringing/sticking (piece-rate basis), with piece-rate work being most common among migrant workers.

In some of these cases, the amount that workers made in a day was equal to or higher than the legal daily minimum wage (102,68 pesos per day), because they worked more hours than the statutory working hours (8 hours per day or 48 hours per week). However, when considering their payment per hour they were paid below the minimum wage.

Furthermore, their overtime hours were often not paid according to the legal overtime rates (see 2.2.3). The table below shows the number of farms where workers received wages below (< 12.83 pesos/hour) or above (\geq 12.83 pesos/hour) the legal minimum wage.

Type of workers*	Breakdown of calculated wages Burley			Wage range	
	Wages < 7 (pesos/hour)	Wages 7 < 12,83 (pesos/hour)	Wages 12,83 and above (pesos/hour)	Lowest wage (pesos/hour)	Highest wage (pesos/hour)
Daily wages	-	-	4 (100%)**	18,18	33,33
Piece rate	-	-	28 (100%)	14,80	47,96

Type of workers	Breakdown of calculated salaries VSC			Wage range	
	Wages < 7 (pesos/hour)	Wages 7 < 12,83 (pesos/hour)	Wages 12,83 and above (pesos/hour)	Lowest wage (pesos/hour)	Highest wage (pesos/hour)
Daily wages	1 (25%)	-	3 (75%)**		
Piece rate	1 (7%)	1 (7%)	13 (86%)	6,5	40

* Piece rate and daily workers could be found at the same farm

** Even though some workers were paid above 12.83 pesos/hour, the minimum wage requirement was not met as workers were not paid premium for work beyond the eight-hours shift.

In addition to their wages, migrant workers received accommodation at 26 farms (i.e. at 87% of the 30 farms with migrant workers) and transportation at 17 farms (i.e. at 57% of the farms with migrant workers).

TPN's response:

"To ensure the understanding on this subject, the ALP team will conduct training sessions to all farmers & workers focused on legal minimum wage according to Mexican law.

In addition, TPN conducted a survey among workers in order to identify the most common working schemes

on day work, in order to describe the working dynamics in the field, effective working hours and resting hours per day. Also a record book was provided to document payments to all contracted farmers.

The consequence management process will apply when farmers do not pay according to the law, for which it is established the non-renewal of the contract for the next season.

Implementation date: October through April for seasons 2020, 2021, 2022

Responsible: STP coordinator & Field management team."

2.2.2 Payment schedule

In terms of payment frequency, no evidence was found of farmers not paying their workers in accordance with the law.⁵ Typically, workers were paid weekly in cash.

TPN's response:

"TPN will continue to provide training sessions to ensure that the topic maintains as a low risk issue.

The consequence management process will apply for those farmers who do not pay according to the law, applying ALP Reinforcement and warning letter in the first detection.

Implementation date: October through April for seasons 2020, 2021, 2022

Responsible: STP coordinator & Field management team."

2.2.3 Work hours and overtime pay

Among the visited farms with hired labor, daily work hours were not in accordance with Mexican law at 26 Burley farms (96%) and 16 VSC farms (94%) (for legal details, see Appendix III). The majority of workers (55%) worked 12 hours per day. In addition, at one Burley farm (4%) and two VSC farms (11%) CU found workers who had to stay at the farm both during the day and the night to water the tobacco plants and take care of the watering equipment.

In addition, workers did not receive at least one resting day per week at three Burley farms (18%) and seven VSC farms (26%).

Furthermore, it was found that overtime hours were often not paid according to the legal overtime rate; this was the case at eight Burley farms (31%) and six VSC farms (38%). Both farmers and workers were found to be unaware of the correct legal requirements for overtime rates and daily working hours.

TPN's response:

"To ensure the understanding on this subject, TPN will develop a training program to cover all of ALP topics, accordingly, the ALP team will conduct training sessions for all farmers and workers that will take place in the community meetings at the 'ejidos' and farm by farm visits. The training sessions will include what is related to the Mexican law in terms of overtime rates.

We expect to increase the farmers' knowledge of ALP, specifically in regards to this finding, working hours and legal overtime must be clear for farmers and workers and our objective is that 80% of contracted farmers paying overtime (if applicable).

In addition, to ensure compliance, TPN personnel will be assigned to supervise the tobacco fields after sunset. If workers are found, then a prompt action will be recorded and a visit will be scheduled for the next day.

A method to provide evidence of overtime payments will be implemented. This will be done with a logbook of hours worked.

We will keep training records, a list of farmers who receive the logbook, and we will apply tests on knowledge during the training sessions and simple surveys during unannounced visits as means of evidence.

Additionally, a record of entry / exit will be implemented for all farmers. Its usage will be check randomly by ALP team.

The consequence management process will apply for those farmers who do not pay over time according the law, which in this case would be applying ALP Reinforcement & Warning letter in the first detection.

Implementation date: October through April for seasons 2020, 2021, 2022

Responsible: STP coordinator & Field management team."

5. Mexican law states that payment intervals must not exceed one week where physical work is performed and 15 days for all other employees.

2.2.4 Legal benefits

None of the farmers visited by CU provided workers with the benefits required by law, such as Christmas Bonus, Social Security, Paid Vacation Days, Vacation Bonus, and Profit Sharing (according to specific regulation for each one of them) (see Appendix III). Farmers and workers lacked awareness about workers' legal benefits.

TPN's response:

"To ensure understanding on this subject, TPN will develop a training program to cover all of ALP topics, accordingly, the ALP team will conduct training sessions for all farmers and workers that will take place in the community meetings at the 'ejidos' and farm by farm visits. The training sessions will include what is related to the Mexican law in terms of legal benefits to increase awareness on farmers' obligations and workers' benefits. Our objective is that 100% of contracted farmers receive training.

We also intend to provide specific training material about legal benefits for agricultural workers and have farmers sign a letter in which they confirm awareness of their legal obligations related to labor law. Moreover, a contract template will be delivered to farmers, a document that will include the description of legal benefits workers are entitled to.

For verification purposes, we will keep training records and we will apply tests on knowledge during the training sessions and simple surveys during unannounced visits.

The consequence management process will apply for those farmers who do not provide legal benefits, which in this case it would be applying ALP Reinforcement & Warning letter in the first detection.

Implementation date: October through April for seasons 2020, 2021, 2022

Responsible: STP coordinator & Field management team."

Underlying factors that increase risk

CU identified the following underlying factors that increased the risk for this principle:

- Workers were mostly paid on a piece rate basis, so they wanted to work as much as possible (this was especially true for migrant workers);
- Workers were unaware of legal requirements regarding daily working hours (see Appendix III for details on legal requirements)
- Farmers and workers were unaware of legal overtime rates (see Appendix III for details on legal requirements);
- Farmers and workers were unaware of workers' legal benefits.

Analysis and priorities

The ALP Code Principle of Income and Work Hours was not a focus area for TPN. However, exceedance of legal daily working hours was widespread (especially among migrant workers), and overtime was often not paid according to the legal rates. Together with the observed lack of awareness among farmers and workers about daily working hours, legal overtime rates and legal benefits, these findings demonstrate the need to pay more attention to this principle.

2.3 ALP Code Principle 3: Fair treatment

Farmers shall ensure fair treatment of workers. There shall be no harassment, discrimination, physical or mental punishment, or any other forms of abuse.

Main findings and challenges

2.3.1 Treatment of workers

No evidence was found of verbal, sexual, or physical abuse on the farms.⁶ In addition, CU did not identify any discriminatory practices. Since most of the workers were employed on a temporary basis they would not return to work for the same farmer in the next season in case of unfair treatment.

TPN's response:

"TPN will continue to provide training sessions to ensure that the topic maintains as a low risk issue.

The consequence management process will apply for those farmers who incur in any case of abuse or harassment, which in this case would be applying immediate and permanent cancelation of the current contract in the first detection.

Implementation date: October through April for seasons 2020, 2021, 2022

Responsible: STP coordinator & Field management team."

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, TPN had no independent support or grievance mechanism in place for farmers and workers.

In addition to a formal support mechanism, the ALP Code requires that farmers make themselves available to their workers to discuss potential grievances before they escalate. No evidence was identified of farmers not being available to their workers.

TPN's response:

"As a pilot, TPN will implement and design a grievance mechanism based on the strategy below:

- **RURAL GRIEVANCE MECHANISM.** TPN will investigate if there is a complaint mechanism that has been successful in another country in rural areas through our ULT or PMI operations and also by contacting NGO's such as VERITÉ and FAI who have experience in social programs similar to Sustenta and that could be used as reference.
- **SAMPLES METHODOLOGY & PROCEDURES OF GRIEVANCES MECHANISM.** Define & validate a statistic methodology for collecting samples direct on field to identify any grievances from tobacco workers

To ensure the understanding on this subject, TPN will develop a training program to cover all of ALP topics, accordingly, the ALP team will conduct training sessions for all farmers and workers that will take place in the community meetings at the 'ejidos' and farm by farm visits. The training sessions will include what is related to fair treatment. Our objective is that 100% of contracted farmers receive training.

For verification purposes, we will keep training records and we will apply tests on knowledge during the training sessions and simple surveys during unannounced visits.

Implementation date: November 2019 through April 2020

Responsible: STP coordinator."

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

Analysis and priorities

This principle was not a focus area of TPN, and CU's findings show that the risk of unfair treatment was low. However, an independent grievance mechanism is still lacking.

2.4 ALP Code Principle 4: Forced labor and human trafficking

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

Main findings and challenges

2.4.1 Involuntary labor

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

TPN's response:

"TPN will continue to provide training sessions to ensure that the topic maintains as a low risk issue.

The consequence management process will apply, after exercising due diligence, for those farmers who incur in any case of forced labor, which in this case would be applying Immediate and permanent cancelation of the current contract in the first detection.

Implementation date: October through April for seasons 2020, 2021, 2022

Responsible: STP coordinator & Field management team."

2.4.2 Direct payment

Evidence of indirect payment was found at five Burley farms (19%) and eight VSC farms (47%). All these cases concerned families and/or couples working together at the same farm, whose combined

wages were paid to the (male) head of the family. The female workers interviewed by CU stated that they were in agreement with this practice.

TPN's response:

"TPN will continue to provide training sessions to ensure that the topic maintains as a low risk issue.

To reinforce the strategy a payment record book will be provided to all farmers to make sure that all workers are receiving their payments directly.

Implementation date: October through April for seasons 2020, 2021, 2022

Responsible: STP coordinator & Field management team."

Analysis and priorities

CU did not find evidence for widespread issues related to this ALP Code Principle. Several cases of indirect payment were found but this practice was reported as a cultural tradition that was not against the (female) workers' will. Nonetheless, indirect payment is not in accordance with the ALP Code, and this issue had not been identified in TPN's risk assessment.

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 18 Burley farms (67%) and all VSC farms (100%), not all persons involved in topping or harvesting tobacco or loading barns were trained in avoidance

of GTS (Green Tobacco Sickness). Furthermore, at 11 Burley farms (41%) and 14 VSC farms (78%) not all persons handling green tobacco were aware of the existence of GTS and how to avoid the disease. Consequently, the protective clothing used was inadequate: at none of the farms visited by CU, persons handling green tobacco were wearing the full set of required harvesting clothes.

Protective harvesting clothing used	Number of Burley farms	Number of VSC farms
Long sleeves	15 (56%)	6 (33%)
Gloves	2 (7%)	3 (17%)
Long pants	15 (56%)	2 (11%)
Shoes	4 (15%)	-

The farmers, family members and workers interviewed by CU gave various reasons for not using the complete set of PPE:

- TPN only provided gloves in one size, which did not fit everybody;
- The farmer did not provide PPE to the workers (especially if it was their first day of work);
- The farmer did not have enough PPE sets to provide to all the workers;
- People were unaware of the necessity to wear protective clothing;
- People did not want to wear protective clothing because it was uncomfortable.

At seven Burley farms (37%) and nine VSC farms (60%), interviewees stated that persons applying fertilizer or loading the tractor with fertilizer did not wear gloves.

TPN's response:

"Raising awareness and knowledge of GTS and the use of proper or complete PPE for harvesting among the farmers and workers is key to promote and implement its usage. Therefore, these issues will be

addressed during the training sessions at the farmer meetings in the 'ejidos' and at the farm by farm visits. During the training sessions, the ALP team will explain farmers and workers about the risks to which people working in the tobacco fields are exposed to and will provide safety recommendations to follow on how to reduce such risks and identify symptoms. All of this will also be included in the printed materials that will be given to the farmers. The importance of wearing the complete PPE will be highlighted and the correct way to wear and the right order to put on EPP's will be explained. The field techs will be assigned the duty of distributing the required PPE's to each of his farmers.

The FTs must deliver before to the start harvesting stage, at least 2 PPE kits to each farmer, which includes:

- 2 pairs of gloves
- Long sleeve shirt (Water resistant)

farmers can request as many as they need, it is the responsibility of the FT to provide them.

In regards to PPE for GTS, our objective is to provide training to the 100% of contracted farms and get 85% Usage. TPN's goal is to have 100 percent PPE usage by the 2022 season.

We also plan to provide training to farmers and workers during the CAELs operation period related to GTS at the centers.

Training records for PPE usage will be kept and updated and usage monitoring will be carried out during Sustenta verifications. Tests will also be applied during the training sessions and simple surveys will be applied during unannounced visits.

The consequence management process will apply, after exercising due diligence, for those farmers who harvest without PPE, which in this case would be applying ALP Reinforcement & Warning letter in the first detection.

In this way, we expect to encourage PPE usage to protect workers' and farmers' health and safety.

Implementation date: December through April for seasons 2020, 2021, 2022

Responsible: STP coordinator & Field management team."

2.5.2 Training and handling of CPA

At eight Burley farms (31%) and ten VSC farms (56%) not all persons handling or applying crop protection agents (CPA) were trained. Furthermore, at 21 Burley farms (81%) and 16 VSC farms (94%) not all persons applying CPA were using the complete set of required PPE:

Type of PPE used for CPA application	Number of Burley farms	Number of VSC farms
Overall/Apron	17 (63%)	9 (50%)
Mask	7 (26%)	8 (44%)
Boots	6 (22%)	3 (17%)
Gloves	14 (52%)	5 (28%)
Goggles	3 (11%)	5 (28%)
None of the above	3 (11%)	3 (17%)

No evidence was found of pregnant and/or nursing women involved in CPA application.

Regarding CPA re-entry periods, CU found that farmers at four Burley farms (17%) and three VSC farms (17%) were not aware of the specific re-entry periods for different CPAs. In addition, none of the farmers used a warning sign after CPA application.

In terms of CPA storage, CU identified that at seven burley farms (32%) and nine VSC farms (60%) CPA were not stored in a safe and locked storage:

- At 11 farms (69%) CPA locker was not locked;
- At five farms (31%) CPA containers were lying around farmer's house.

Furthermore, CU found that empty CPA containers were not correctly disposed of at 22 Burley farms (79%) and nine VSC farms (50%):

Empty CPA containers disposal	Number of Burley farms	Number of VSC farms
Containers not washed and/or punctured	10 (45%)	2 (22%)
Discarded at a communal bin	7 (32%)	6 (67%)
Containers burned	1 (5%)	1 (11%)
Containers lying around farm or inside the farmer's house	4 (18%)	-

TPN's response:

"Raising awareness and knowledge regarding the risks associated with the application of CPA's without the proper or complete PPE among the farmers and workers is key to promote and implement their usage. These issues will be addressed during the training sessions at the farmer meetings in the 'ejidos' and at the farm by farm visits. During the training sessions, the ALP team will explain farmers and workers about the risks to which people working in the tobacco fields are exposed to and will provide safety recommendations to follow on how to handle and apply chemicals, how to reduce such risks and identify symptoms. All of this will also be included in the printed materials that will be given to the farmers. The importance of wearing the complete PPE will be highlighted and the correct way to wear and the right order to put on CPA's EPP's will be explained.

Particularly addressing the issue of PPE for CPA's our goal is providing training for 100% of the contracted farms and 80% of PPE usage.

Training records for usage will be kept and updated and usage monitoring will be carried out during SUSTENTA verifications. Tests will also be applied during the training sessions and simple surveys will be applied during unannounced visits.

The training sessions will also address the issue regarding re-entry periods after CPA's applications by increasing farmers' knowledge on this matter and a warning sign/poster will be designed and distributed among farmers to fill in after applications (product and application date) and indicating the date for safe re-entry. Our goals are to provide training on 100% of contracted farms in 2019, providing warning /re-entry posters to 100% of the farms and increase the posters use to 50% in 2019, 60% in 2020 and 70% in 2021.

The consequence management process will apply for those farmers who apply CPA's without PPE, which in this case would be applying ALP Reinforcement & Warning letter in the first detection.

In regards to CPA's storage and (and as mentioned before) TPN will guarantee access to CPAs storage boxes to TPN's contracted farmers, at the same time of provision ALP team will give training to farmers and workers on all topics including what relates to CPA's storage and proper use of the storage boxes. As means of verification, a record of the farmers who receive the storage box will be kept and updated and our SUSTENTA monitoring results will serve to ensure the achievement of our objectives for each season.

Concerning those issues related to the correct disposal of empty CPA containers, and as mentioned above, an awareness campaign will be carried out with the support of AMOCALI (a local NGO) during the season, with the purpose of increasing the knowledge about the 'Campo limpio' program and to increase the number of farmers disposing correctly empty CPA containers, which we will be able to verify through the program's records. Our objective is 70% of recovery of CPA's empty containers.

Implementation date: October through January for seasons 2020, 2021, 2022

Responsible: STP coordinator & Field management team."

2.5.3 Workers' accommodation

One of the requirements of the Sustenta program was that farmers must provide accommodation to migrant workers. Among the 30 farmers with migrant workers visited by CU, 26 farmers (87%) provided workers' accommodation. As observed by CU, none of these accommodations fully complied with the criteria required by Sustenta, as shown in the following table:

Sustenta's criteria	Number of accommodations (N=26 farms)
Has adequate floor covering?	23 (88%)
Accommodation area not near sewage?	25 (96%)
Waste water is removed frequently?	22 (85%)
Waste food is removed frequently?	21 (81%)
Is free of toxic/dangerous materials?	21 (81%)
Common areas have lighting?	19 (73%)
Free of waste in all areas?	17 (65%)
Emergency numbers and house rules posted?	19 (73%)
Safe building structure and in good condition?	17 (65%)
One adequate bed per person?	17 (65%)
The mattress is not on the floor and in good condition?	12 (46%)

Has at least 3.2 m ² / person?	17 (65%)
Sufficient privacy for families, males and females?	15 (58%)
Drinking water available?	20 (77%)
Water supply for personal hygiene?	18 (69%)
Common sanitary installations are clean and maintained?	17 (65%)
Has at least one private shower per 15 persons?	20 (77%)
Has laundry and soap available?	14 (54%)
Cleaning services at least every 7 days?	14 (54%)
Cooking elements provided?	21 (81%)
Food storage area and cooking area?	21 (81%)
Dining table big enough to seat all residents?	18 (69%)
Cooking area is ventilated?	18 (69%)
Has electricity?	20 (77%)
Electric system and cables are safe?	19 (73%)
Farmer provides transportation to workers?	18 (69%)

TPN's response:

"To ensure the understanding on this subject, TPN will develop a training program to cover all of ALP topics, accordingly, the ALP team will conduct training sessions for all farmers and workers that will take place in the community meetings at the 'ejidos' and farm by farm visits. The training sessions will include what is related to adequate accommodation provision which will include increasing the knowledge on accommodation standards for SUSTENTA. Our objective is that 100% of contracted farmers receive training.

Migrant workers' accommodations will be reviewed one month prior to their arrival. Those farmers who are planning to or usually hire migrant workers must demonstrate before arrival that they have a proper and sufficient accommodation for all their workers. This will be reviewed by the ALP team. To this end, the following measures will be implemented:

- A review procedure for accommodation will be designed.
- An accommodation mapping at the moment of contracting and a second one before harvesting starts.
- Farmers who do not provide accommodation when required will be sanctioned according to the consequence management process, after due diligence.

We aim that 100% of the farmers who hire migrant labor provide sufficient, clean and safe accommodation according to SUSTENTA requirements.

The consequence in the severity matrix will apply, after exercising due diligence, for those farmers who do not provide proper accommodation, which in this case it would mean applying Immediate cancellation of the current contract, with opportunity to resign another year with ALP reinforcement and proof that corrective actions have been taken.

Implementation date: December through May for seasons 2020, 2021, 2022

Responsible: STP coordinator & Field management team."

2.5.4 Clean drinking and washing water

At three Burley farms (14%) and four VSC farms (22%) farmers did not provide clean drinking water to their workers. In addition, three Burley farms (12%) and three VSC farms (20%) had no sanitary facility for workers in the field.

TPN's response:

"Sustenta's field standards for this season will be updated to include the provision of drinking water (2lts per person per day) and of soap and water at the farms, that should be preferably placed at the resting area/ "ramada de Descanso". Degreaser gel bottles will also be provided by TPN.

Moreover, in line with the analysis and the findings of the SUSTENTA results for 2019, TPN will provide the inputs to those farmers that require them. That is, previous to transplanting, TPN will provide clean water deposits to the farmers that did not receive them during the last season.

To ensure the understanding on this subject and as mentioned above, TPN will develop a training program to cover all ALP topics, accordingly, the ALP team will conduct training sessions for all farmers and workers that will take place in the community meetings at the 'ejidos', at the farm by farm visits and also at the CAEI's. The training sessions will include what is related to the provision of clean drinking water and adopting sanitary measures (washing their hands) at the farms. Issues about the importance of taking on such measures and/or using degreasing gel will be mentioned, in order to avoid misconceptions in this regard. Our objective is that 100% of contracted farmers receive training and as result to achieve 100% of contracted farmers providing at least 2 lts of drinking water per person per day at the field as well as 100% of contracted farmers providing washing water and soap for sanitary purposes.

The consequence management process, will be applied for those farmers who do not provide drinking water, which in this case would mean immediate cancelation of the current contract, with the opportunity to resign another year with ALP reinforcement and proof that corrective actions have been taken.

In reference to sanitary facilities in the field, and in line with the analysis and the findings of the SUSTENTA results for 2019, TPN will provide toilets (before to transplanting), to the farmers that did not receive them during the last season.

Toilet provision will also be included as a SUSTENTA standard for this season and will be included in the training session as a facility that farmers must provide. For all of the above, training records will be kept and updated and monitoring will be carried out during SUSTENTA verifications. Tests will also be applied during the training sessions and simple surveys will be applied during unannounced visits.

We expect to reach 100% of availability of sanitary facilities at the farms, that is 100% of contracted farmers providing toilets on the field.

Implementation date: October through May for seasons 2020, 2021, 2022

Responsible: STP coordinator & Field management team."

2.5.5 General safety measures

Most farmers did not have basic safety measures in place: none had access to a first-aid kit or had received first-aid training. Besides, none of the farmers had resources to act in case of fire. Thirteen farmers (29%) were able to provide transport to a medical facility, and 17 farmers (38%) had the phone numbers of local health providers in case of an emergency.

TPN's response:

"In response to the findings concerning general safety measures, TPN will implement a campaign on "how to proceed/what to do in emergency cases" in the aim of increasing knowledge about resources to act in case of an emergency. Also, a poster with safety recommendations will be designed and delivered to all farmers to be placed at resting areas in field and accommodations if applicable.

To ensure the understanding on this subject TPN will develop a training program to cover all of ALP topics, accordingly, the ALP team will conduct training sessions for all farmers and workers that will take place in the community meetings at the 'ejidos', at the farm by farm visits and also at the CAEI's through focus groups. Not only the training sessions will include what is related first-aid procedures and safety recommendations, but training focused on first-aid related with the most common risks in the farm will also be given.

Our objective is that 100% of contracted farmers receive training and as result to achieve 100% of contracted farmers providing at least 2 lt. of drinking water per person per day at the field as well as 100% of contracted farmers providing washing water and soap for sanitary purposes.

Training records for will be kept and updated and monitoring will be carried out during Sustenta verifications. Tests will also be applied during the training sessions and simple surveys will be applied during unannounced visits.

Implementation date: October through January for seasons 2020, 2021, 2022

Responsible: STP coordinator & Field management team."

Analysis and priorities

CU identified a significant number of practices not meeting the standard for this ALP Code Principle. Although TPN had distributed PPE for harvesting and CPA application, CU found that this PPE was often not used and that many farmers still had limited awareness and understanding of the need for safety measures. Although Safe Work Environment was one of the ALP Code Principles focused on by TPN, the initiatives in place had not yet resulted in the desired change of behavior. To improve farm work safety, it is important to understand the root causes behind unsafe practices and set targets referring to actual change of behavior.

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 (see Appendix III).

TPN's response:

"TPN will continue to provide training sessions to ensure that the topic maintains as a low risk issue.

TPN will contact specialists in social problems to develop training that will allow the TPN field team to identify the root causes of the findings and to address their resolution in a more comprehensive way.

Implementation date: October through April for seasons 2020, 2021, 2022

Responsible: STP coordinator & Field management team."

Analysis and priorities

This ALP Code Principle was not a focus area for TPN. This seems justified given 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

At 14 Burley farms (54%) and three VSC farms (18%) farmers did not fully inform their workers about their legal rights and employment conditions. Workers were usually only informed about the activities they would perform and their working hours and wages. However, at one Burley farm (4%) and two VSC farms (11%) workers were not aware of how much they would be paid for their work. In general, CU findings showed that farmers lacked the legal knowledge to inform their workers properly. In addition, farmers did not know that it was their duty to inform their workers about legal rights.

2.7.2 Written contracts

None of the farmers visited by CU had written employment contracts with their workers, although this was required by Mexican law. Instead, farmers had verbal agreements with their workers, which is the common practice within agricultural activities.

Training records for will be kept and updated and monitoring will be carried out during SUSTENTA verifications. Tests will also be applied during the training sessions and simple surveys will be applied during unannounced visits.

Implementation date: December 2019 through April 2020

Responsible: STP coordinator & Field management team."

Analysis and priorities

In line with the limited understanding among field technicians of this topic (see Chapter 1.3.3), farmers were generally unaware of the legal rights of workers. They also did not understand that it was their responsibility to inform workers about their legal rights. Clearly, the knowledge of field technicians and farmers on this ALP Code Principle could be improved. In particular, more attention should be paid to the farmer's obligation to inform workers of their legal rights, and to the legal requirement to have written contracts with workers.

TPN's response:

"To ensure the understanding on this subject TPN will develop a training program to cover all of ALP topics, accordingly, the ALP team will conduct training sessions for all farmers and workers that will take place in the community meetings at the 'ejidos', at the farm by farm visits. The training sessions will include what is related to legal rights for workers and legal obligations for farmers.

Chapter 3

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



EXTERNAL ASSESSMENT

Burley and Virginia Sun Cured farmers in Nayarit

As part of the assessment, CU asked farmers, family members and external workers what had changed at the farms since the start of the ALP Program. Eleven farmers (24%) stated that the safety on the farms had improved as PPE usage was higher; three farmers (7%) stated that migrant workers no longer slept in the fields; two farmers (4%) stated that workers no longer performed night work; one farmer (2%) stated that migrant workers' living conditions had improved; and one farmer (2%) stated that involvement of children in tobacco production had been reduced since the beginning of the ALP program. However, six farmers (13%) declared that workers refused to comply with the ban on night work and sleeping in the fields at night.

Of the 26 family members interviewed, eight (31%) had heard of the ALP Code. Among this group, three (38%) mentioned that the migrant workers' living conditions had improved and one (13%) stated that PPE usage had increased. The other family members could not mention any impact of the ALP Program.

Of the 96 external workers interviewed, five (5%) had heard of the ALP Code. Among this group, two (40%) mentioned that PPE usage had increased. The other external workers could not mention any impact of the ALP Program.

Twenty-eight farmers (62%) declared they had provided feedback to TPN: two of them had given feedback about workers not being satisfied with the ban on night work; two had provided positive feedback about the ALP program; 16 farmers had asked for materials (CPA, PPE, etc.); one had reported the difficulty in finding accommodation for workers; one had given feedback on the tobacco price; one had reported to disagree with the Prompt Action raised; one had requested more time to make the adjustments required by TPN (such as building sheds for working and resting) and one had requested more visits and support from the field technician. Eight farmers (29% of farmers who had given feedback) felt that the supplier had not listened to them or had not acted upon their feedback as no answer had been given and their problem had remained unsolved.

During their farm visits the field technicians communicated with farmers, as well as with workers and family members. Field technicians discussed the received feedback during meetings with the ALP Country Team. However, there was no formal channel for farmers and workers to provide feedback to the ALP team (other than communication through field technicians), nor was there a structured process in place to collect and report this information.

In addition, during CU's farm visits, workers at one farm (2%) indicated that they had been warned by the farmer not to answer questions that would reveal work practices. Despite the warning, these workers did explain the work conditions according to their perspective and the warnings did not influence their answers

Chapter 4

APPENDICES



EXTERNAL ASSESSMENT

Burley and Virginia Sun Cured farmers in Nayarit

Appendix I – TPN action plan

1.1. Strategy and objectives

A consequence management process will be designed and implement as well as specific consequences for non-compliance of SUSTENTA requirements. A procedure (and consequences if pertinent) will apply to those farmers who do not comply with what is specified as specific consequence for non-compliance and identified on our operation. A new risk assessment will be conducted in order to include all topics related to the ALP Code.

The consequence management process that will be reviewed and updated annually, was included in the production tobacco contract from the start of the season 2019 – 2020, and its implementation was communicated to the growers' union during the union's meetings and to each farmer separately.

The consequence management process will be applied in accordance to the results of the ALP monitoring process (SUSTENTA program). The information from the monitoring will is captured in a software system developed locally by TPN which allows to collect and manage it, to keep track of compliance and for follow up and further support.

Training sessions were provided from the incorporation of the new employees to TPN in reference to the ALP code and SUSTENTA requirements and the Mexican regulations, which continue throughout the season. In addition, follow up meetings are held regularly with the team's coordinator and supervisor to monitor progress, to communicate any relevant information or updates related to the program, to express concerns or doubts or to discuss any particular issues, specially those related to child labor and safe working environment.

Implementation date: August 2019

Responsible: MD Mexico & STP Coordinator

1.3.2 Roles and responsibilities

A new ALP structure was implemented starting from season 2019 – 2020, with the purpose of providing adequate support to the field team and farmers. In addition to the team already in place, this restructuring involved the recruitment of four new employees for the 'ALP team': An ALP supervisor and 3 ALP auxiliaries.

The main responsibilities of the ALP team are providing training to farmers contracted by TPN and their workers through different methods (farmers or workers training meetings, one-on-one training sessions) and by making use of other resources (written and printed materials); as well as the collection and validation of the information related to the program.

Through these measures TPN aimed to strengthen the field team's structure and assemble a professional and specialized team, focused on ALP compliance, that is able to properly communicate, train and offer support in accordance to our commitment to the ALP Code and STP policies.

Implementation date: August 2019

Responsible: MD Mexico & STP Coordinator

1.3.3 Training and knowledge of the ALP Program

With the objective of ensuring that all members (Field technicians, supervisors, ALP auxiliaries and ALP Supervisor) involved in the operation are well informed of the importance of the ALP code principles and STP policies, training sessions will be given, focusing specially on the training of Field technicians. In the next three years, three training sessions will be provided per year.

In order to increase the team's communication skills and improving the information delivering process to farmers and workers, they will be given three training sessions per year in the next three years. A consulting company, specialized on group training, will be contracted to conduct a specific training on "effective communication" (Attitudes, Communication, Motivation y Team work). Three training sessions will be scheduled related to this topic: One conference on "Effective communication" (July 2019), one workshop on "Communication skills" (part 1 November 2019) and one workshop on "Communication skills" (part 2 January 2020). Tests will be applied before and after to evaluate their progress.

The training sessions will take place during the different stages of the crop. Additionally, training tools (posters, cards, audio and video trainings) will be implemented with the support of an external collaborator. Methods to measure the effectiveness of the trainings strategies (examinations) will be implemented; the result will be communicated to the management level quarterly.

We will ensure that during the training sessions the following points will be highlighted:

- What is related to **unannounced visits** carried out during external audits or monitoring exercises to avoid infringements of its regulations and procedures. The importance of the observance of the visits' procedures will be emphasized to act accordingly, especially on how interfering and/or giving previous notice to the farmers undermines the reliability and validity of data collection
- Safe work environment issues.
- Mexican law regulations and ILO in terms of working hours, frequency of payments and minimum wages.

A 3 years training program specific for ALP team will be also scheduled to improve knowledge and skills for root causes identification. (Root causes for these issues must be identified in a participatory manner and considered in order to find appropriate and long- lasting solutions).

As an additional measure, annual performance objectives in relation to ALP goals for each FT will be set in an effort to achieve the ALP goals:

- 100% farmers not employing child labor
- 100% farmers paying, at least, minimum wages
- 100% farmers have access to PPE for CPA & GTS
- 100% of migrant workers have access to adequate accommodation

A training program on field monitoring techniques for the ALP Team will be also provided, aimed to provide the necessary knowledge to carry out monitoring techniques and to further improve their communications skills. A specific monthly training program will be carried out with the support of a specialist:

1. Monitoring techniques - External trainer (Sep 2019)
2. Communication skills – Konfronta (Oct 2019)
3. Monitoring techniques - (Nov 2019).

This will be done on a yearly basis and dates will be updated accordingly for 2020 and 2021.

As well, training sessions will be scheduled related to field monitoring techniques for the field team as follows:

1. Social Audit Principles and Social Compliance (July 2019)
2. Knowing the standards & FAQs (October 2019)
3. Calibration exercises: Field Conditions (November 2019)
4. Calibration exercises: Accommodation (January 2020)

This will lead to a proper and solid understanding in regards to the requirements and consequences for non-compliance with the ALP Code principles and STP policies.

With the support of the regional office, internal assessments will also be conducted to validate the implementation and comprehension of the program. A report of findings and feedback will be provided to establish an action plan.

Particularly in regards to those issues related to payments, the farmers to ensure that workers are being paid in accordance to Mexican regulations will keep payment records. Records will also be kept to monitor working hours (time of entry/departure and rest periods during the day).

Implementation date: October 2019

Responsible: STP Coordinator

For next seasons the dates will be updated accordingly.

1.4.1 Communication of the ALP Code requirements to farmers

In regards to the communication of the ALP Code requirements **to farmers**, during the price meeting 2020 with the grower's union 'ARIC', scheduled for August 15th and 16th, a consequence management process was presented including the modification to the Article 995 in the labor Mexican law (LFT) in regards to child labor. This, with the objective of increasing awareness among the growers' in regards to the legal requirements and consequences for the ALP program. For the meeting, new printed materials were designed and distributed of the season's Sustenta program such as: ALP Code principles, Field Conditions, Adequate accommodation, PPE for CPA's and GTS usage, terms of employment (Obligations).

Also, a commitment letter related to the Sustenta Goals and legal consequences on labor law (LFT) was delivered by the FT's to each farmer and signed by them.

Concerning to that related to the communication to migrant workers, in collaboration with the "National Institute of Indigenous peoples" (INPI) representatives in their communities, printed materials were distributed (graphic examples) with the description of the consequences for non compliances for the farmer and how it might impact work opportunities for them during the community meetings. The message we aimed to communicate is for migrant workers to be aware of their benefits such as: ALP Code, field conditions, adequate accommodation, PPE for CPA's and GTS usage, terms of employment, among others. We aimed to reach 10 communities in the highlands.

Also, to strengthen communication about Sustenta with **migrant workers**, new communication messages were designed for diffusion and reinforcement of the Sustenta program 2020 in their communities or origin, from the 4th week of October of 2019. These messages were delivered by the INPI representatives in different communities at community meetings and along with radio spots, they stressed on the prohibition of child labor and the program's benefits (accommodation, CAELs, etc.). The messages were communicated in accordance to the cultural particularities that had been previously noted in past communications and we had counseling by the minority communities' representatives. 3 radio messages were developed to be on air on 3 radio stations which included important information such as:

- Child labor prohibition – Encouraging assistance to Child Care center and informing of presenting an ID as a mandatory requirement to work on tobacco farms.
- The benefit of accessing/provision of free, adequate, clean and sufficient accommodation by the farmers and the support of TPN personnel to help them at any moment from their arrival.
- Labor conditions - All farmers will provide resting and food areas, as well toilets on field.

In reference to the communication to **local workers**, our plan was to improve it during the training sessions on plots through the distribution of printed materials (graphic examples) with the description of the consequences of non-compliance for the farmer and how this would affect working opportunities for them.

Our objective was that all farmers received training material and increased their knowledge on ALP and as a result, that farmers and workers have a clear understanding of the consequences for non-compliance and the measures that would be taken by TPN in such cases.

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

TPN acknowledges that **reinforcing monitoring** and providing adequate training for its satisfactory implementation is crucial.

Having this in mind, a full-time auxiliary will be assigned for data management, who will be responsible for the follow up on the ALP data collection process (Monitoring, Prompt Actions and Farm profiles) and will also conduct random verifications on field. This will ensure that 100% of farm profiles are collected and verified.

Correspondingly, with the help of the support personnel for data management (MBL) and the ALP coordinator, training sessions will be provided to field technicians, specifically for farm profile collection, increasing the understanding of the relevance of collecting accurate data and improving skills on data collection processes. In order to verify and monitor this measure, we will conduct random verifications of farm profile and ALP collection.

Trainings will take place throughout the season: At the beginning and during of the crop and also during the harvest.

It is important to mention that the new Mobile Application that TPN's IT department will develop, will enable field technicians to consolidate all of the information, in order to simplify and make this process more efficient.

To improve the accuracy of data, and ensure that the information corresponds with the actual situation at the farms, the reconfiguration of the MLB (New version for MobiLeaf for FT's) will include validation and reduce the unnecessary modules of data and provide solid training.

Implementation date: September 2019

Responsible: STP Coordinator

For next seasons the dates will be updated accordingly

1.5.2 Systematic monitoring: situations not meeting the ALP Code standards

SUSTENTA Program is the name of TPN action plan to address the main issues found it related to ALP in our operation, such as : SAFE WORK ENVIRONMENT, INCOME & WORKING HOURS, CHILD LABOR & EMPLOYMENT CONDITIONS.

SUSTENTA app will be update to include action plans & register any non compliance as a prompt action, according to ALP program.

Additional to SUSTENTA app, TPN uses Mobileleaf software to register ALP monitoring, this app will be updated to include the principles mentioned above.

Implementation date: October 2019

Responsible: STP Coordinator

*For next seasons the dates will be updated accordingly

An information validation process will be implemented, which will be carried out by the ALP team. The accuracy of the information during field visits will be corroborated as described below:

- During their weekly farm visits program the ALP auxiliaries will validate the information collected by field technicians, this validation can be conducted directly on the FT tablet or on the weekly report generated by system.
- Any required modification will be communicated to the FT, in order to update it on their system on their next visit.

- In order to increase accuracy of the information an information cut will be made at the end of each stage of the 3 stages of crop:
 - » Seedling: September to December
 - » Crop: October to February
 - » Harvest: December to May
- This will reflect a farm profile by stage, providing more accurate data.

A new monitoring scheme will be implement based on the below visits schedule, which will cover 6 visits:

- » Seedbeds: 1 visit
- » Crop: 2 visits
- » Harvest: 3 visits

Implementation date: October 2019

Responsible: STP Coordinator

*For next seasons the dates will be updated accordingly

1.5.3 Prompt Actions

Specific training related to the Prompt actions procedure will be provided to the Field technicians. This training will cover the understanding of the Prompt Actions list, training tools and usage of the app Mobileaf (MBL) to collect PAs.

Prompt actions procedure will be updated to include in the consequence management process.

Implementation date: Ozctober 2019

Responsible: STP Coordinator

*For next seasons the dates will be updated accordingly

1.6 Address systemic and/or widespread issues

Distribution of PPE for CPA application and harvesting

In relation to findings concerning PPE for CPA's and GTS for the season 2019 - 2020 TPN established as a priority 'to ensure access to PPE for all farmers'. Consequently, and considering that this has been defined as a mandatory standard, TPN will provide PPE for CPA's and GTS for 100% of the contracted farmers, ensuring access for all workers in the fields. PPE will be supplied as follows: 1 CPA PPE by farmer and 2 GTS PPE by farmer.

A matrix of PPE usage by activity in accordance to the risk assessment will be created. In order to guarantee the supplying on time, PPE for CPA's will be supplied at the same time than the first delivery of fertilizer

and harvest PPE will be supplied at the same time than the surckercide. The supplying will be linked to the financing scheme, so that those farmers who not receive PPE will not receive more financing until the delivery or demonstrated possession of PPE for all their workers.

To verify the provision of PPE's, the ALP team will keep track of a monitoring report and as back up evidence, a record of issued PPE tickets will be kept as well as field evidence (printed signals filled in by hand of the date in which the farmer received the PPE signed by the farmer). this to ensure that the complete EPP has been in fact, supplied to the farmer.

Raising awareness and knowledge of GTS and the risks associated with the application of CPA's without the proper or complete PPE among farmers and workers is key to promote and implement their usage. These issues will be addressed during the training sessions at the farmer meetings in the 'ejidos' and at the farm during farm visits.

Implementation date: October through April for seasons 2020, 2021, 2022

Responsible: STP Coordinator & Field management team

Distribution of CPA lockers:

TPN will guarantee access to CPAs storage boxes to TPN's contracted farmers, at the same time of provision ALP team will give training to farmers and workers on all topics including what relates to CPA's storage according to the ALP code and the Mexican law.

Our objective is to increase the provision of CPA boxes as follows:

- 2019: 80% of contracted farmers
- 2020: 90% of contracted farmers
- 2021: 100% of contracted farmers

As means of verification, a record of the farmers who receive the storage box will be kept and updated and our Sustenta monitoring results will serve to ensure the achievement of our objectives for each season.

Implementation date: October through April for seasons 2020, 2021, 2022

Responsible: STP Coordinator & Field management team

Campo Limpio program (for collecting empty CPA containers):

With the support of AMOCALI (a local NGO) an awareness campaign will be carried out during the season, with the purpose of increasing the knowledge about the 'Campo limpio' program and to increase the number of farmers disposing correctly empty CPA containers, which we will be able to verify through the program's records. Our minimum objective is 70% of recovery of CPA's empty containers. In the coming seasons, TPN will continue to work with our farmers with the Campo Limpio program and try to recover all empty CPA containers.

Implementation date: October through April for seasons 2020, 2021, 2022

Responsible: STP Coordinator & Field management team

Child Care Centers:

Child presence is considered in Sustenta program and ALP Code as a high risk issue, therefore TPN aims to eradicate this practice in our supply chain and in this way, reducing the risk of child labor. With this in mind, we will provide alternatives for the workers through the child collection strategy, which is carried out by a NGO (FAI) and that entails providing transportation and access for the migrant workers' children to attend to the child care centers (CAEI's), and which will be reviewed in a joint effort with all parties involved in the local industry in Mexico since it is a shared responsibility.

The joint strategy for child collection will be reviewed and reinforced with all stakeholders in order to guarantee access and attendance to the child care centers.

Implementation date: December 2019, 2020, 2021

Responsible: STP Coordinator & MD México

Funding to invest in workers' accommodations:

In the interest of resolving the issues related to workers' hesitancy to make use of the accommodation that they are entitled to benefit from, in accordance to the Mexican law and by Sustenta, through awareness campaigns TPN seeks to increase the understanding of the objectives of the program and ALP Code principles, as well the engagement from farmers, workers & industry related to this subject.

The radio messages for the diffusion of the Sustenta program's benefits (that include accommodation) that will be broadcasted in original peoples' communities will help to reinforce this understanding. This will be reinforced by INPI-TPN representatives that will deliver the Sustenta messages during the community meetings before harvesting, when migrant workers are still at their communities of origin. will also help to communicate the benefits of having accommodations off-farm.

When workers are already in the fields, the ALP team will address these issues during the farm-by-farm training sessions and visits.

Implementation date: October through April for seasons 2020, 2021, 2022

Responsible: STP Coordinator & MD México

Increasing the price per 'sarta':

Firstly, it is important to mention that TPN aims to act according to what is established in the Mexican law. In regards to minimum wages and sarta prices, the information TPN provides will be updated as adjustments are made by the Mexican authorities. For the current season 2019 – 2020 the sarta price was set on \$19.6 Mexican pesos. TPN makes annual adjustments to the "sarta" price to ensure compliance with the minimum wage.

Through awareness campaigns TPN seeks to increase the understanding of the scope and objectives of Sustenta as well the engagement from farmers, workers and the industry.

It is important to highlight our commitment to not allow night work. Night work prohibition was a topic raised during the community meetings held by our INPI-TPN representatives at the migrants' communities of origin and was also included in the radio messages broadcasted previous to the migrant workers arrival. TPN also distributed printed material (graphic examples) with the description of the consequences for non-compliance by the farmers and how it could impact work opportunities for them in this regard.

What is related to night work and its consequences, was also communicated during the training sessions given by the ALP team (which covered all topics) during farm by farm visits and farmer meetings held at the "ejidos".

Implementation date: August 2019

Responsible: MD México

Funding to build separate sheds for resting and working in the field (Ramada de descanso/Ramada de trabajo):

Through awareness campaigns TPN seeks to increase the understanding of the scope and objectives of Sustenta and the ALP Code as well the engagement of farmers, workers and the industry TPN's staff.

To reinforce the strategy TPN will continue delivering materials to be used in the resting areas, such as: Chairs, tables, grills, drink water deposits, etc.

Implementation date: October through April for seasons 2020, 2021, 2022

Responsible: STP coordinator & Field management team

Funding to build toilet facilities in the field:

Through awareness campaign TPN seeks to increase the understanding of the scope and objectives of Sustenta as well the engagement from farmers, workers and the industry.

To reinforce the strategy TPN will continue with the delivery of package materials to build rural toilets (latrines) which include: wood for structures, plastic for cover, wood box and PVC pipes.

Implementation date: October through April for seasons 2020, 2021, 2022

Responsible: STP coordinator & Field management team

Stringing machine:

For the current season 2019 – 2020 TPN has invested on 15 stringing machines to cover all Field Technician's areas in Nayarit. This initiative is currently on a pilot stage as TPN has the target to consolidate this project for 2020 -2021.

Implementation date: Jan 2020 through April 2020

Responsible: Field management team

2.1 ALP Code Principle 1: Child labor

Main findings and challenges

2.1.1 Children working and activities performed

- A communication awareness campaign (that includes community meetings, radio spots and printed materials) was held before the harvest season with the support of INPI and carried out by INPI-TPN representatives, aiming to increase the understanding of Sustenta program goals and objectives in regards to what is established by the Mexican Law in terms of child labor. This in order to create awareness for the children of migrant workers between the ages of 15 and 18 and who do not have access to childcare centers.

The ALP team also emphasizes during training field visits, provided to farmers and workers, that children below 18 and whether they are worker's or farmer's children, cannot perform any activity related to tobacco harvesting; the meaning of hazardous work, as well as the consequences of it according to the consequence management process in place. In addition, during this season, to ensure that farmers check on their workers ages, it was included in the production contract between the tobacco growers and the company, that all workers must have an official personal identification to verify that everyone who works in our tobacco fields are not below 18 years old.

- To reinforce the impact of childcare centers the joint strategy between the industry in Mexico will be reinforced with all stakeholders to guarantee access for all minors from 1.5 to 14 years. As migrant workers' children arrival is identified by TPN's field technicians, the child care center's staff in charge of coordinating transportation/collection will be informed, for them to go directly to the workers and persuade them of sending their children to the care centers. Additionally, In order to avoid child labor as a widespread issue, root causes will be identified and trainings will consider them for finding adequate approaches for the training of both farmers and workers that emphasize on the legal and health consequences of hiring minors.
- TPN will continue providing training to farmers and workers laying stress on the minimum legal age to work and the risk of using child labor and provide information in relation to alternative activities they can roll out instead of those related to tobacco. The training, both for farmers and workers, will highlight the risks that children are expose to in terms of health and safety when working on the field. This training has already been provided in the past seasons, and during the sessions the farmer understand the importance of this matter however, they expressed their concern related to migrant workers understanding, which is why TPN included some actions mentioned above related to communication in indigenous communities, as key action to address this issue.

The consequence management process will apply when:

- Farmers hire children below 18 to work.
- Farmer allow their own children below 18 to work.
- Farmer allow to workers' children below 18 to work.

For which it is established that immediate contract cancellation applies.

- To strengthen the monitoring program and minimize risks, TPN includes the presence of children as an immediate action.
- ALP monitoring is conducted at all time that the FT's perform a farm visit, and additional to the normal visit the FT's must to carry on 6 visit related to the SUSTENTA program, which mean that the FT's must be focused only for SUSTENTA program.
- TPN has the target to eliminate use of hired child labor for 2020.

Implementation date: Jan through April for season 2020, 2021, 2022

Responsible: STP Coordinator & MD México

2.1 ALP Code Principle 2: Income and work hours

Main findings and challenges

2.1.1 Payment of workers

To ensure the understanding on this subject, the ALP team will conduct training sessions to all farmers & workers focused on legal minimum wage according to Mexican law.

In addition, TPN conducted a survey among workers in order to identify the most common working schemes on day work, in order to describe the working dynamics in the field, effective working hours and resting hours per day. Also a record book was provided to document payments to all contracted farmers.

The consequence management process will apply when farmers do not pay according to the law, for which it is established the non-renewal of the contract for the next season.

Implementation date: October through April for seasons 2020, 2021, 2022

Responsible: STP coordinator & Field management team

2.1.1 Payment schedule

TPN will continue to provide training sessions to ensure that the topic maintains as a low risk issue.

The consequence management process will apply for those farmers who do not pay according to the law, applying ALP Reinforcement and warning letter in the first detection.

Implementation date: October through April for seasons 2020, 2021, 2022

Responsible: STP coordinator & Field management team

2.1.1 Work hours and overtime pay

To ensure the understanding on this subject, TPN will develop a training program to cover all of ALP topics, accordingly, the ALP team will conduct training sessions for all farmers and workers that will take place in the community meetings at the 'ejidos' and farm by farm visits. The training sessions will include what is related to the Mexican law in terms of overtime rates.

We expect to increase the farmers' knowledge of ALP, specifically in regards to this finding, working hours and legal overtime must be clear for farmers and workers and our objective is that 80% of contracted farmers paying overtime (if applicable).

In addition, to ensure compliance, TPN personnel will be assigned to supervise the tobacco fields after sunset. If workers are found, then a prompt action will be recorded and a visit will be scheduled for the next day.

A method to provide evidence of overtime payments will be implemented. This will be done with a logbook of hours worked.

We will keep training records, a list of farmers who receive the logbook, and we will apply tests on knowledge during the training sessions and simple surveys during unannounced visits as means of evidence.

Additionally, a record of entry / exit will be implemented for all farmers. Its usage will be check randomly by ALP team.

The consequence management process will apply for those farmers who do not pay over time according the law, which in this case would be applying ALP Reinforcement & Warning letter in the first detection.

Implementation date: October through April for seasons 2020, 2021, 2022

Responsible: STP coordinator & Field management team

2.1.1 Legal benefits

To ensure understanding on this subject, TPN will develop a training program to cover all of ALP topics, accordingly, the ALP team will conduct training sessions for all farmers and workers that will take place in the community meetings at the 'ejidos' and farm by farm visits. The training sessions will include what is related to the Mexican law in terms of legal benefits to increase awareness on farmers' obligations and workers' benefits. Our objective is that 100% of contracted farmers receive training.

We also intend to provide specific training material about legal benefits for agricultural workers and have farmers sign a letter in which they confirm awareness of their legal obligations related to labor law. Moreover, a contract template will be delivered to farmers, a document that will include the description of legal benefits workers are entitled to.

For verification purposes, we will keep training records and we will apply tests on knowledge during the training sessions and simple surveys during unannounced visits.

The consequence management process will apply for those farmers who do not provide legal benefits, which in this case it would be applying ALP Reinforcement & Warning letter in the first detection.

Implementation date: October through April for seasons 2020, 2021, 2022

Responsible: STP coordinator & Field management team

2.1 ALP Code Principle 3: Fair treatment

Main findings and challenges

2.1.1 Treatment of workers

TPN will continue to provide training sessions to ensure that the topic maintains as a low risk issue.

The consequence management process will apply for those farmers who incur in any case of abuse or harassment, which in this case would be applying Immediate and permanent cancelation of the current contract in the first detection.

Implementation date: October through April for seasons 2020, 2021, 2022

Responsible: STP coordinator & Field management team

2.1.1 Support mechanism

As a pilot, TPN will Implement and design a grievance mechanism based on the strategy below:

- **RURAL GRIEVANCE MECHANISM.** TPN will investigate if there is a complaint mechanism that has been successful in another country in rural areas through our ULT or PMI operations and also by contacting NGO's such as VERITÉ and FAI who have experience in social programs similar to Sustenta and that could be used as reference.
- **SAMPLES METHODOLOGY & PROCEDURES OF GRIEVANCES MECHANISM.** Define & validate a statistic methodology for collecting samples direct on field to identify any grievances from tobacco workers

To ensure the understanding on this subject, TPN will develop a training program to cover all of ALP topics, accordingly, the ALP team will conduct training sessions for all farmers and workers that will take place in the community meetings at the 'ejidos' and farm by farm visits. The training sessions will include what is related to fair treatment. Our objective is that 100% of contracted farmers receive training.

For verification purposes, we will keep training records and we will apply tests on knowledge during the training sessions and simple surveys during unannounced visits.

Implementation date: November 2019 through April 2020

Responsible: STP coordinator

2.1 ALP Code Principle 4: Forced labor and Human Trafficking

Main findings and challenges

2.1.1 Involuntary labor

TPN will continue to provide training sessions to ensure that the topic maintains as a low risk issue.

The consequence management process will apply, after exercising due diligence, for those farmers who incur in any case of forced labor, which in this case would be applying Immediate and permanent cancelation of the current contract in the first detection.

Implementation date: October through April for seasons 2020, 2021, 2022

Responsible: STP coordinator & Field management team

2.1.1 Direct payment

TPN will continue to provide training sessions to ensure that the topic maintains as a low risk issue.

To reinforce the strategy a payment record book will be provided to all farmers to make sure that all workers are receiving their payments directly.

Implementation date: October through April for seasons 2020, 2021, 2022

Responsible: STP coordinator & Field management team

2.1 ALP Code Principle 5: Safe work environment

Main findings and challenges

2.1.1 Training and awareness of GTS

Raising awareness and knowledge of GTS and the use of proper or complete PPE for harvesting among the farmers and workers is key to promote and implement its usage. Therefore, these issues will be addressed during the training sessions at the farmer meetings in the 'ejidos' and at the farm by farm visits. During the training sessions, the ALP team will explain farmers and workers about the risks to which people working in the tobacco fields are exposed to and will provide safety recommendations to follow on how to reduce such risks and identify symptoms. All of this will also be included in the printed materials that will be given to the farmers. The importance of wearing the complete PPE will be highlighted and the correct way to wear and the right order to put on PPE's will be explained. The field techs will be assigned the duty of distributing the required PPE's to each of his farmers.

The FTs must deliver before to the start harvesting stage, at least 2 PPE kits to each farmer, which includes:

- 2 pairs of gloves
- Long sleeve shirt (Water resistant)

farmers can request as many as they need, it is the responsibility of the FT to provide them.

In regards to PPE for GTS, our objective is to provide training to the 100% of contracted farms and get 85% Usage. TPN's goal is to have 100 percent PPE usage by the 2022 season.

We also plan to provide training to farmers and workers during the CAEIs operation period related to GTS at the centers.

Training records for PPE usage will be kept and updated and usage monitoring will be carried out during Sustenta verifications. Tests will also be applied during the training sessions and simple surveys will be applied during unannounced visits.

The consequence management process will apply, after exercising due diligence, for those farmers who harvest without PPE, which in this case would be applying ALP Reinforcement & Warning letter in the first detection.

In this way, we expect to encourage PPE usage to protect workers' and farmers' health and safety.

Implementation date: December through April for seasons 2020, 2021, 2022

Responsible: STP coordinator & Field management team

2.1.1 Training and handling of CPA

Raising awareness and knowledge regarding the risks associated with the application of CPA's without the proper or complete PPE among the farmers and workers is key to promote and implement their usage. These issues will be addressed during the training sessions at the farmer meetings in the 'ejidos' and at the farm by farm visits. During the training sessions, the ALP team will explain farmers and workers about the risks to which people working in the tobacco fields are exposed to and will provide safety recommendations to follow on how to handle and apply chemicals, how to reduce such risks and identify symptoms. All of this will also be included in the printed materials that will be given to the farmers. The importance of wearing the complete PPE will be highlighted and the correct way to wear and the right order to put on CPA's EPP's will be explained.

Particularly addressing the issue of PPE for CPA's our goal is providing training for 100% of the contracted farms and 80% of PPE usage.

Training records for usage will be kept and updated and usage monitoring will be carried out during SUSTENTA verifications. Tests will also be applied during the training sessions and simple surveys will be applied during unannounced visits.

The training sessions will also address the issue regarding re-entry periods after CPA's applications by increasing farmers' knowledge on this matter and a warning sign/poster will be designed and distributed among farmers to fill in after applications (product and application date) and indicating the date for safe re-entry. Our goals are to provide training on 100% of contracted farms in 2019, providing warning /re-entry posters to 100% of the farms and increase the posters use to 50% in 2019, 60% in 2020 and 70% in 2021.

The consequence management process will apply for those farmers who apply CPA's without PPE, which in this case would be applying ALP Reinforcement & Warning letter in the first detection.

In regards to CPA's storage and (and as mentioned before) TPN will guarantee access to CPAs storage boxes to TPN's contracted farmers, at the same time of provision ALP team will give training to farmers and workers on all topics including what relates to CPA's storage and proper use of the storage boxes. As means of verification, a record of the farmers who receive the storage box will be kept and updated and our SUSTENTA monitoring results will serve to ensure the achievement of our objectives for each season.

Concerning those issues related to the correct disposal of empty CPA containers, and as mentioned above, an awareness campaign will be carried out with the support of AMOCALI (a local NGO) during the season, with the purpose of increasing the knowledge about the 'Campo limpio' program and to increase the number of farmers disposing correctly empty CPA containers, which we will be able to verify through the program's records. Our objective is 70% of recovery of CPA's empty containers.

Implementation date: October through January for seasons 2020, 2021, 2022

Responsible: STP coordinator & Field management team

2.1.1 Workers' accommodation

To ensure the understanding on this subject, TPN will develop a training program to cover all of ALP topics, accordingly, the ALP team will conduct training sessions for all farmers and workers that will take place in the community meetings at the 'ejidos' and farm by farm visits. The training sessions will include what is related to adequate accommodation provision which will include increasing the knowledge on accommodation standards for SUSTENTA. Our objective is that 100% of contracted farmers receive training.

Migrant workers' accommodations will be reviewed one month prior to their arrival. Those farmers who are planning to or usually hire migrant workers must demonstrate before arrival that they have a proper and sufficient accommodation for all their workers. This will be reviewed by the ALP team. To this end, the following measures will be implemented:

- A review procedure for accommodation will be designed.
- An accommodation mapping at the moment of contracting and a second one before harvesting starts.
- Farmers who do not provide accommodation when required will be sanctioned according to the consequence management process, after due diligence.

We aim that 100% of the farmers who hire migrant labor provide sufficient, clean and safe accommodation according to SUSTENTA requirements.

The consequence in the severity matrix will apply, after exercising due diligence, for those farmers who do not provide proper accommodation, which in this case it would mean applying Immediate cancelation of the current contract, with opportunity to resign another year with ALP reinforcement and proof that corrective actions have been taken.

Implementation date: December through May for seasons 2020, 2021, 2022

Responsible: STP coordinator & Field management team

2.1.1 Clean drinking and washing water

Sustenta's field standards for this season will be updated to include the provision of drinking water (2lts per person per day) and of soap and water at the farms, that should be preferably placed at the resting area/ "ramada de Descanso". Degreaser gel bottles will also be provided by TPN.

Moreover, in line with the analysis and the findings of the SUSTENTA results for 2019, TPN will provide the inputs to those farmers that require them. That is, previous to transplanting, TPN will provide clean water deposits to the farmers that did not receive them during the last season.

To ensure the understanding on this subject and as mentioned above, TPN will develop a training program to cover all ALP topics, accordingly, the ALP team will conduct training sessions for all farmers and workers that will take place in the community meetings at the 'ejidos', at the farm by farm visits and also at the CAEI's. The training sessions will include what is related to the provision of clean drinking water and adopting sanitary measures (washing their hands) at the farms. Issues about the importance of taking on such measures and/or using degreasing gel will be mentioned, in order to avoid misconceptions in this

regard. Our objective is that 100% of contracted farmers receive training and as result to achieve 100% of contracted farmers providing at least 2 lts of drinking water per person per day at the field as well as 100% of contracted farmers providing washing water and soap for sanitary purposes.

The consequence management process, will be applied for those farmers who do not provide drinking water, which in this case would mean immediate cancelation of the current contract, with the opportunity to resign another year with ALP reinforcement and proof that corrective actions have been taken.

In reference to sanitary facilities in the field, and in line with the analysis and the findings of the SUSTENTA results for 2019, TPN will provide toilets (before to transplanting), to the farmers that did not receive them during the last season.

Toilet provision will also be included as a SUSTENTA standard for this season and will be included in the training session as a facility that farmers must provide. For all of the above, training records will be kept and updated and monitoring will be carried out during SUSTENTA verifications. Tests will also be applied during the training sessions and simple surveys will be applied during unannounced visits.

We expect to reach 100% of availability of sanitary facilities at the farms, that is 100% of contracted farmers providing toilets on the field.

Implementation date: October through May for seasons 2020, 2021, 2022

Responsible: STP coordinator & Field management team

2.1.1 General safety measures

In response to the findings concerning general safety measures, TPN will implement a campaign on “how to proceed/what to do in emergency cases” in the aim of increasing knowledge about resources to act in case of an emergency. Also, a poster with safety recommendations will be designed and delivered to all farmers to be placed at resting areas in field and accommodations if applicable.

To ensure the understanding on this subject TPN will develop a training program to cover all of ALP topics, accordingly, the ALP team will conduct training sessions for all farmers and workers that will take place in the community meetings at the ‘ejidos’, at the farm by farm visits and also at the CAEI’s through focus groups. Not only the training sessions will include what is related first-aid procedures and safety recommendations, but training focused on first-aid related with the most common risks in the farm will also be given.

Our objective is that 100% of contracted farmers receive training and as result to achieve 100% of contracted farmers providing at least 2 lt. of drinking water per person per day at the field as well as 100% of contracted farmers providing washing water and soap for sanitary purposes.

Training records for will be kept and updated and monitoring will be carried out during Sustenta verifications. Tests will also be applied during the training sessions and simple surveys will be applied during unannounced visits.

Implementation date: October through January for seasons 2020, 2021, 2022

Responsible: STP coordinator & Field management team

2.1 ALP Code Principle 6: Freedom of association

Main findings and challenges

TPN will continue to provide training sessions to ensure that the topic maintains as a low risk issue.

TPN will contact specialists in social problems to develop training that will allow the TPN field team to identify the root causes of the findings and to address their resolution in a more comprehensive way.

Implementation date: October through April for seasons 2020, 2021, 2022

Responsible: STP coordinator & Field management team

2.1.2 Written contracts

To ensure the understanding on this subject TPN will develop a training program to cover all of ALP topics, accordingly, the ALP team will conduct training sessions for all farmers and workers that will take place in the community meetings at the 'ejidos', at the farm by farm visits. The training sessions will include what is related to legal rights for workers and legal obligations for farmers.

Training records for will be kept and updated and monitoring will be carried out during SUSTENTA verifications. Tests will also be applied during the training sessions and simple surveys will be applied during unannounced visits.

Implementation date: December 2019 through April 2020

Responsible: STP coordinator & Field management team

Appendix II – Scope and methodology

Assessment team

The team responsible for conducting this assessment consisted of three auditors from Argentina, Mexico and Spain, one coordinator from Brazil and one coordinator from the Netherlands. The auditors conducted farm assessments and interviewed the field technicians, and were accompanied by one of the coordinators during the entire assessment. The two coordinators interviewed TPN management and the field team. The auditors as well as the 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 TPN was requested to send documentation to CU to give the assessment team a better idea about the market characteristics and the management systems that were in place. TPN 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 12 February 2019, CU started the assessment with an opening meeting at TPN's head office in Tepic, Mexico. This meeting was attended by TPN's Management Team including the ALP Coordinator, Managing Director, and ALP Country team including the field supervisors. Furthermore, the meeting was attended by two representatives from PMI

Regional and one from PMM. CU presented the objectives and approach of the assessment, while TPN provided a brief overview of the market and company background.

Methodology for ALP implementation system review

The methodology used for the evaluation of TPN's implementation of the ALP Program was based on the widely used PDCA⁷ cycle. This cycle is a management method for the continuous improvement of processes and products. CU spent two days (12 and 13 February 2019) at TPN's head office to interview management staff, analyze documentation and evaluate TPN's systems to better understand how the implementation of the ALP Program was organized. In total, CU interviewed two management personnel, 22 field personnel (14 field technicians and eight senior field staff), one NGO representative, and one representative of PMI Regional.

Scope and farm sampling

This assessment focused on the Burley and Virginia Sun-Cured (VSC) farmers located in the Nayarit region (see map below). The two tobacco types were assessed separately in two homogenous samples.



Scope of assessment: Burley and VSC farmers in Nayarit, Mexico.

Source: <http://www.map-of-mexico.co.uk/espanola/mapa-de-nayarit.htm>

7. Plan, Do, Check, Act

For both tobacco types assessed, the majority of the farmers grew an average area of two hectares of tobacco contracted by TPN (see graph below). The majority of the farmers owned the land they farmed.

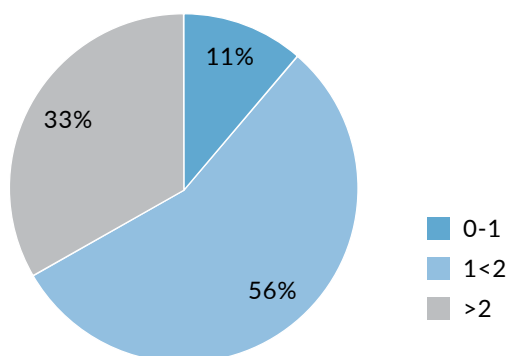
In the assessment area, TPN had contracts with approximately 1800 farmers. To constitute a meaningful sample CU needed to visit at least 43 farms, which is calculated as the square root of the total number of farms within the scope. . In total, CU visited 45 farms (28 Burley and 17 VSC farms),

which were either sampled randomly or selected based on the following criteria:

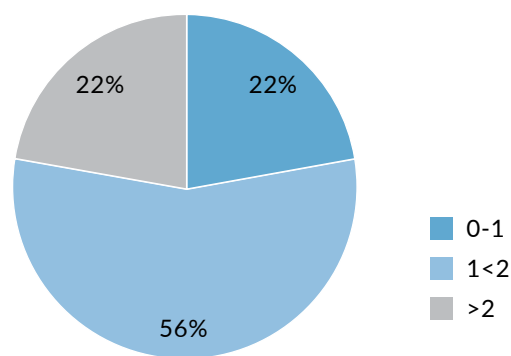
- Tobacco type;
- Geographic spread;
- Farm size: different farm sizes selected to ensure diversity, but focus on the larger farms to ensure labor practices could be assessed.

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

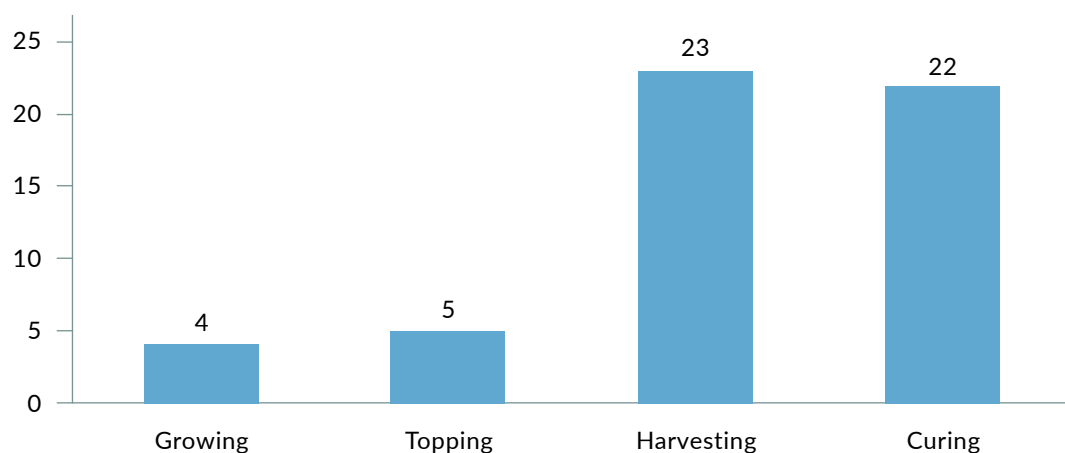
**Farm size Burley (T=27)
(ha contracted by TPN)**



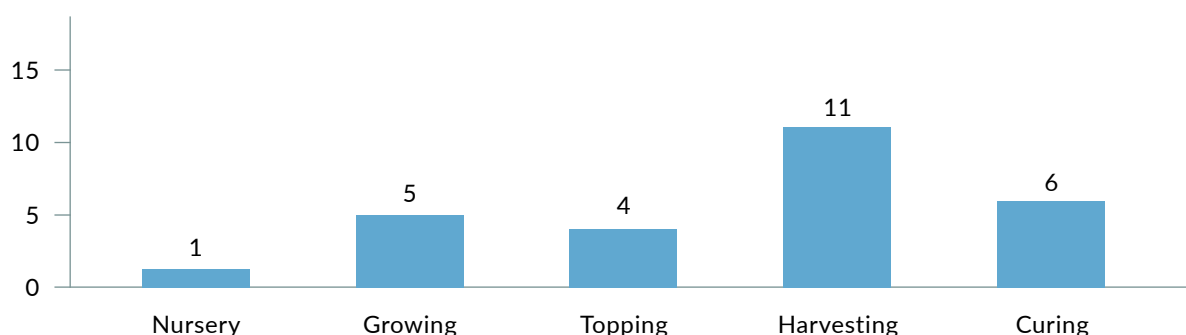
**Farm size VSC (T=18)
(ha contracted by TPN)**



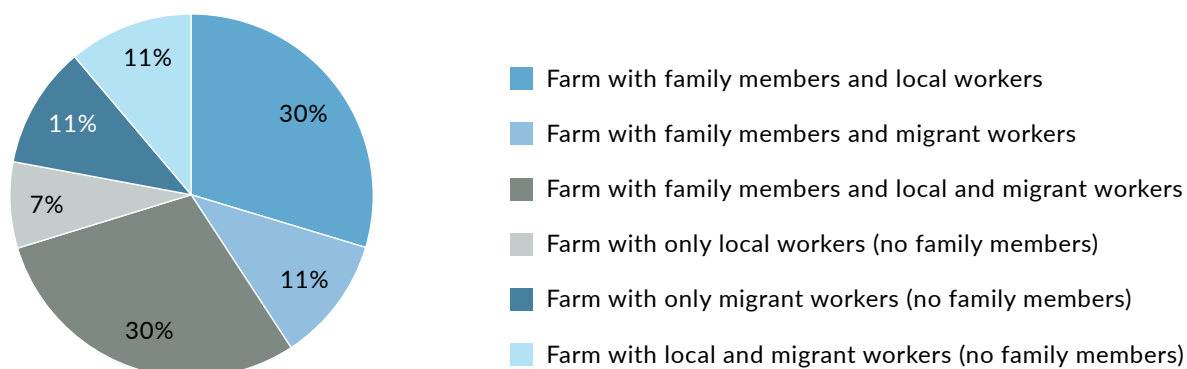
Stage of tobacco production - Burley (T=27)



Stage of tobacco production - VSC (T=18)



Type of farm Burley (T=27)



Type of farm VSC (T=18)



The majority of the farm visits (39 farms, i.e. 86%) was conducted unannounced and without interference from a field technician. At three farms (7%) the visits had been announced and at three other farms (7%) the field technician interfered during CU's visit.. CU informed TPN about the names of the selected field technicians 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.

Methodology for ALP farm practices review

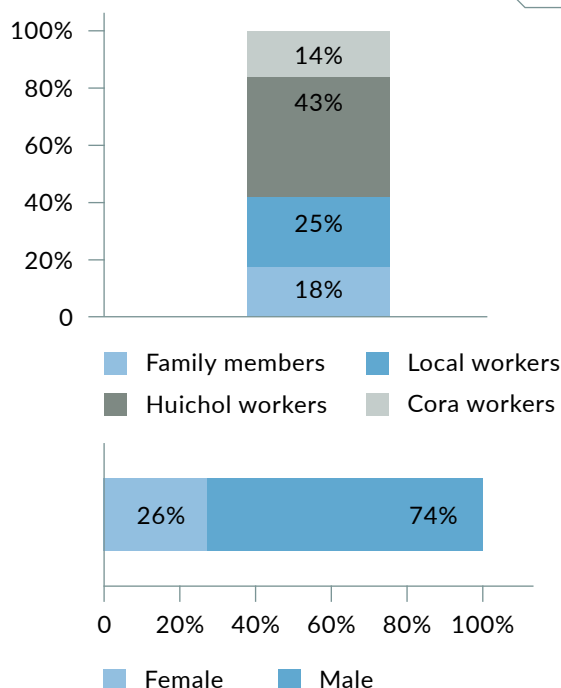
The methodology used during the farm visits was based on triangulation of information. Auditors were instructed to seek at least two, preferably three, sources of information. They used their findings to draw conclusions about whether farm practices were meeting the standard of the ALP Code. These sources could be interviews with farmers, family members, workers and or crew leaders. Sources could also include documentation and visual observation of the farm area, fields, storage facility, and curing barns. This methodology was also used to investigate the underlying factors that increase the risk of not meeting the standard. In addition to information triangulation CU also used the "Five Whys" methodology, a commonly used technique to obtain an understanding of problems and 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 TPN's management systems at the farms, to assess how these were perceived by the field technicians, farmers, family members, and other people working at the farms.

People interviewed

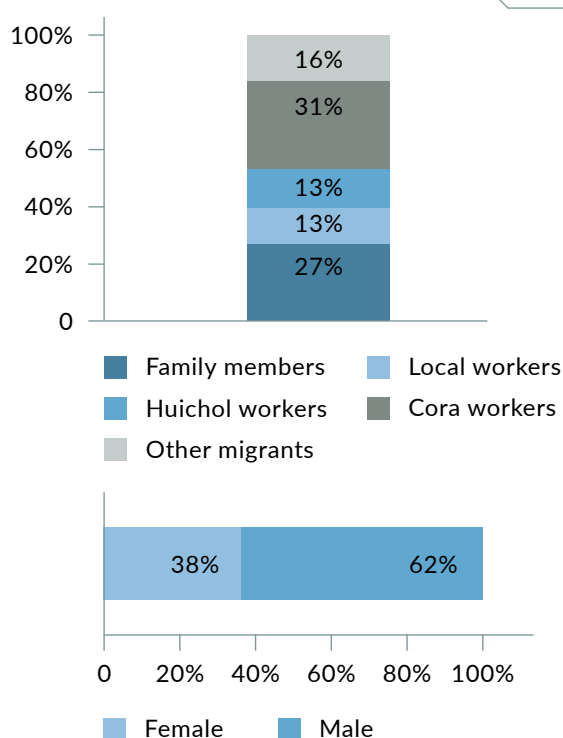
Wherever possible, interviews with family members and workers were conducted individually and without the presence of the farmer, to avoid undue bias. For the same reason, all interviews with farmers were conducted without the presence of the field technicians. In total, CU interviewed 45 farmers, 26 family members and 96 workers. The

auditors were accompanied by interpreters who spoke the indigenous languages of the migrant workers (Huichol and Cora, see graph below) .

Demographic information on the family members and external workers interviewed at Burley farms:

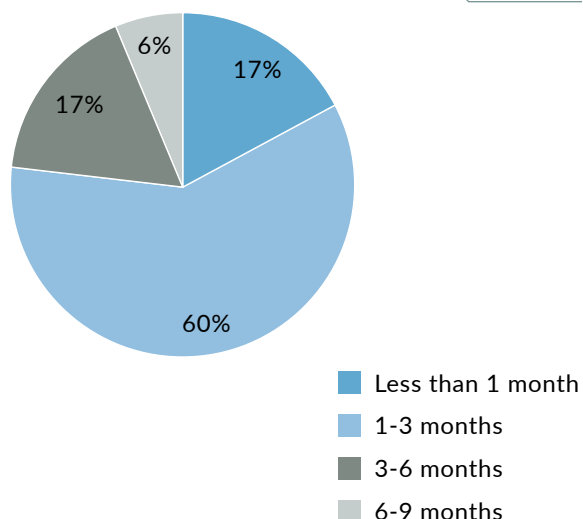


Demographic information on the family members and external workers interviewed at VSC farms:

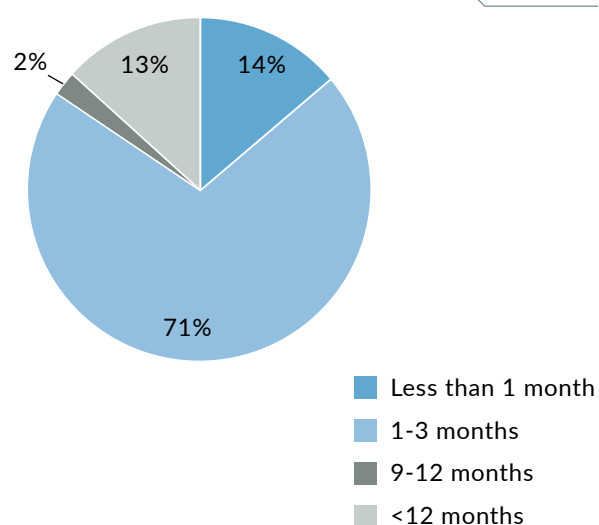


Duration of employment of hired workers
(96 workers interviewed in total):

Duration of employment - Burley



Duration of employment - VSC



Closing meeting

On 2 April 2019 a closing meeting took place at the TPN office in Tepic. As with the opening meeting, the closing meeting was attended by TPN's Management Team including the ALP Coordinator and Managing Director. Furthermore, representatives from PMI Regional and a Verité consultant joined by conference call.

CU presented the initial findings and TPN 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. The coordinator monitored the auditors' findings and provided feedback whenever necessary. The coordinator also 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, TPN reviewed the report to verify that all the information was correct, and to finalize their action plan that was based on this report.⁸

8. 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

MEXICO

Agricultural Labor Practices

LEGAL INFORMATION QUESTIONNAIRE

Summary & Guidance

Understanding the legal situation in the markets from which PMI sources tobacco leaf is critical for ALP Code implementation. With this goal in mind, PMI produces a Legal Information Questionnaire (LIQ).

The LIQ is a key document for third party assessments of the ALP Program in your country.

Your review should cover all laws/decisions/regulations **applicable to tobacco**. This may include any relevant federal, state, municipal laws, collective bargaining agreements, and court precedents (collectively '**Laws**'). If there are no Laws related to an item covered, please also indicate this. We have also provided a separate document (**Matters to consider when completing your LIQ**) with further guidance.

PLEASE KEEP IN MIND THAT THE LIQ WILL BE READ AND USED MOSTLY BY LEGAL LAYPERSONS

Structure

The LIQ is divided into 7 sections which correspond to the 7 ALP Code principles. For each, you will find the following:

Summary

- ✓ **In a few words**, provide an overview of the Market's legal standards which match, exceed, or oppose the ALP measurable standards for each principle.
- ✓ Make comments (if any) including any local particularities or variations within your country. These can also be referenced in footnote format where a more detailed discussion is required.
- ✓ Where no related market legal standard can be referenced, write NA (non-applicable) in the cells that apply.

Applicable laws

- ✓ Provide a list of the applicable laws (i.e. Constitution, Employment regulation etc.) included in your answer.
- ✓ References may be repeated if the same laws apply to more than one principle.
- ✓ Please include, if possible a link to the official or reliable websites for the references.
- ✓ It is no problem if the same laws appear in more than one section.

Your answer

- ✓ Provide **comprehensive yet concise answers** to each listed item as identified by subheadings. Please avoid pooling items together as much as possible.
- ✓ Answer in **bullet point format**. Please do not use lettered or numbered bullets.
- ✓ Provide **context as needed**.
- ✓ Limit your answers **only to tobacco or agricultural sectors**, or explain the general rules applying to these sectors.
- ✓ Include any authority references in **footnote format** to facilitate reading.
- ✓ **Avoid discussions of superseded law** at national or international levels. References to current directly applicable law are all that is needed.

Agricultural Labor Practices

LEGAL INFORMATION QUESTIONNAIRE

MEXICO

Author: Pamela Vicencio

Date of Original Analysis: Q1 2017

Date of Updated Analysis: Q1 2018

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	√			Mandatory basic schooling is finished at 15 but no person under 18 can work in tobacco fields
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	√			Employment of persons under 18 for any agricultural activity and tobacco-related activities is expressly prohibited
No person under 18 involved in hazardous work	√			
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		√		No person under 18 can do hazardous work even if it is for the family farm

Applicable laws

- Federal Labor Law (FLL)
- Mexican Official Standards (Normas Oficiales Mexicanas).

Your answer

Minimum age for employment (in tobacco)

- Employment of persons under 18 for any activity related with tobacco is expressly prohibited

- It is unlawful to employ minors in non-industrial establishments after 10:00 PM, work tending to effect morality or good conduct⁹, and dangerous or unhealthy work– which tobacco production is considered to be¹⁰.

Age (or ages) limits for compulsory schooling

- 18 years-old

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

- Hazardous work is defined only in the case of pregnant women¹¹ and children¹² as any work by its nature, or by its physical, chemical or biological conditions of its environment, or by the composition of the raw materials utilized, which is capable of affecting the life, physical, and mental health of a pregnant women or her child or which may affect the life, development, physical or mental health of minors.

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

- No person under 18 can do hazardous work even if it is for the family farm¹³

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

- N/A since no person under 18 can be hired to perform agricultural activities

9. FLL Article 175

10. FLL Article 176

11. FLL Article 166

12. FLL Article 176

13. FLL Article 23

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.			There is a general daily minimum wage but some professional activities have an established minimum daily wage	General daily minimum wage is 102.68 (EFFECTIVE JANUARY 1 ST , 2019) Mexican Pesos BUT the minimum wage applicable to an operator of agricultural machinery is 121.37 (EFFECTIVE JANUARY 1 ST , 2019 Mexican Pesos Operator of agricultural machinery is defined as the person who operates one or several types of machines for agricultural work such as tractors, threshers and combine harvesters. Checks the machine and checks its correct operation; selects and adapts the implements that will be used, leads it to the place where it should perform the work, which may consist of unpinning, tracking, plating, leveling lands, fallow, sow, harvest, pack, thresh, pack, collect and other similar operations Takes care of the lubrication of the machine maintenance and its reparation.
Wages of all workers are paid regularly, at a minimum, in accordance with the country's laws.	✓			
Work hours are in compliance with the country's laws.	✓			For workers paid on an hourly basis, the maximum weekly work shift is 48 hours for the day shift (between 06:00-20:00), 45 hours for the night shift (20:00-06:00), and 45 hours for a mixed shift.
Excluding overtime, work hours do not exceed, on a regular basis, 48 hours per week.	✓			

Overtime work hours are voluntary.	✓			
Overtime wages are paid at a premium as required by the country's laws or by any applicable collective agreement.	✓			Overtime salary is an 100% increase of the wage for normal hours (double salary)
All workers are provided with the benefits, holidays, and leave to which they are entitled by the country's laws.	✓			Benefits include Christmas Bonus, Social Security, Paid Vacation Days, Vacation Bonus, and Profit Sharing

Applicable laws

- Federal Labor Law (FLL)

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

- General daily minimum wage is 102.68 Mexican Pesos BUT the minimum wage applicable to an operator of agricultural machinery is 121.37 Mexican Pesos
- Salaries must be paid in pesos and it is prohibited to make payment in kind (ex. with merchandise, vouchers, or chips)¹⁴
- Overtime salary is an 100% increase of the wage for normal hours (double salary)
- There is a possibility of extraordinary time in excess of the 9 hours of overtime per week for which salaries must be tripled from that received in regular hours. However, unlawful excess overtime¹⁵ by employers will be fined¹⁶ even where salaries are tripled.
- People under 18 cannot work overtime.
- There's no clear provision that states that piece rate workers are entitled to overtime payment. In this regard, Mexican Federal Courts have adopted different criteria. Some have ruled in favor of paying overtime, by saying that since the Law doesn't make a difference between work by hour and by unit, when talking about overtime, the provision would be applicable for both types of work. Others have ruled against, arguing that the nature of the work by unit is precisely not to take in consideration the hours spent, but the fulfillment of the work itself. Since the Law is not clear and Federal Courts' criteria is contradictory, PMM has interpreted that overtime provisions would not be applicable to piece rate workers, however, the general provision in the FLL that forbids an "inhuman work shift for being notoriously excessive" must always be respected. In our interpretation, the FLL allows some work schemes that may not fit in the 8 hour shift, as long as they don't fall in this inhuman work shift concept.

14. FLL Article 101

15. As determined by the Ministry of Labor

16. From 50 to 5000 times the minimum wage in place at the time of inspection

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

- FLL allows to pay based on an hourly fee but respecting the maximum daily work hours and the minimum living wage.
- FLL also allows the piece rate workers scheme, conditioning it to specify the quality and quantity of the required product . FFL establishes that payment for piece rate work has to be calculated as follows:

“In the salary per unit of work, the remuneration needs to be such, that for a regular work, in an eight hour shift, it results in the minimum wage, at least.”

An example of the calculation would be:

(i.e. in Mexico the minimum salary is \$102.68, that means that if under a regular performance 10 units can be made in 8 hours, the salary per unit couldn't be less than \$10.27)

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

- Migrant workers need an updated official ID (voter's credential or passport) to prove that they are Mexican and not minors with limitations to work
- Producers that want to hire migrant workers from Guatemala and Belize can request a one-year-permit to work across the south border

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

- Payment of salaries must not exceed one week¹⁸
- End of season payments are not allowed, unless the season is for one week or less
- Seasonal workers must receive the proportional payment of Christmas Bonus, Paid Vacation Days, Vacation Bonus and any other benefit granted by law

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

- The maximum weekly work shift is 48 hours for the day shift (between 06:00-20:00), 45 hours for the night shift (20:00-06:00), and 45 hours for a mixed shift. Note if services under a night shift exceed 3.5 hours then this is considered as a night shift in full even where some work is done in a day shift¹⁹.
- Shifts are to be worked in 6 days, but weekly hours may be distributed to permit additional rest on Saturday.
- Any amount of time exceeding the maximum weekly work shift is overtime.

17. Article 83

18. Article 283 F. I

19. FLL

- Only 3 hours of overtime per work shift with a maximum of three work shifts with overtime per week is permitted²⁰. Often, this is interpreted as employees being permitted to work 9 hours of overtime every week regardless of when this is worked.
- Employees are entitled to 1 day off for each 6 workdays. Work done on this day off must be paid with normal daily wage plus a premium of 2 days salary. If less than a full day is worked, a proportionate amount of the daily wage and premium is awarded.

Requirements that employers must meet to request overtime from workers

- N/A

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

- Significant legally mandated benefits:
 - a. Christmas Bonus:
 - At least 15 days worth of salary for employees who have worked the entire year to be paid by December 20th
 - Proportionate bonus exists for employees who have worked less than a year
 - b. Paid Vacation Days:
 - 1st year of service: 6 days
 - 2nd year of service: 8 days
 - 3rd year of service: 10 days
 - 4th year of service: 12 days
 - 5th year of service onwards: Additional 2 days for every 5 years of service
 - c. Vacation Bonus: 25% of normal salary is an entitlement while on vacation
 - d. Sunday Bonus:
 - Where the normal workweek includes Sunday, a bonus of 25% of normal salary is an entitlement for that day
 - e. Profit sharing: 10% of an employer's gross profits must be shared with workers with the resulting fund portioned in halves first on the basis of salary and second on the number of days worked.
 - f. Social Security²¹:
 - Employers must pay:
 - » A premium of 1% of salary and benefits for day care
 - » A premium determined by the nature of the company activities and safety record towards work accident insurance (min. 0.5% and max. 15% of salary and benefits)
 - » A premium of 13.9% of the daily minimum wage for sickness and maternity insurance with an added 0.75% of the employee's salary and benefits

20. FLL

21. IMSS

- » Where an employee's salary is triple the minimum wage, an additional 6% of this difference must be contributed towards sickness and maternity insurance.
- » A premium of 1.75% of salary and benefits for disability and life insurance
- » A premium of 5.15% of salary and benefits for retirement and old age insurance
- Employees must pay:
 - » 0.25% of salary and benefits towards sickness and maternity insurance
 - » Where an employee's salary is triple the minimum wage, an additional 2% of this difference must be contributed towards sickness and maternity insurance
 - » 0.625% of salary and benefits towards disability and life insurance
 - » 1.125% of salary and benefits towards retirement and old age insurance
- Seasonal workers must be granted with a life insurance that covers them all the way from the houses to the farms and from the farms to their houses²²

22. Article 283 F. VII FLL

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	√			Abusive conduct may merit criminal action and termination of employment relationship
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	√			Termination of employment, administrative procedures and sanction are available in cases of discrimination

Applicable laws

- Federal Labor Law (FLL)
- Federal Law to Prevent and Eliminate Discrimination
- General Law to Prevent and Sanction Torture and other Inhuman Treatment

Your answer

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

- Physical punishment, threats or verbal abuse of workers is prohibited by law and is considered a crime
- Abusive conduct may merit criminal action against the employer and a termination of the employment relationship without liability by the employee with full severance and payment²³ within a 30 day period²⁴

23. Article 51 FLL

24. Article 52 FLL

- Harassment involves an exercise of power by an aggressor in a subordinate relation with the victim in a work environment through verbal or physical conduct
- Sexual Harassment involves an abusive exercise of power producing a defenseless state
- Any harassment entitles employment termination with full severance²⁵

Laws defining and prohibiting discrimination

- No employer may establish discriminatory policies or conduct based on nationality, ethnic origin, gender, age, disability, social or health condition, religion, migratory status, opinions, sexual preferences or civil status²⁶

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

- N/A

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

- Discrimination preventing access to or permanence in a job is prohibited²⁷ with an administrative proceeding and sanctions available in this situation²⁸
- Discrimination may merit termination of the employment relationship by the employee without responsibility and with full severance²⁹. In this cases, workers are entitled to ask for the formalization of the termination before the labor tribunal. They have one month to ask for the termination before their right prescribes.³⁰

25. FLL Article 51

26. Article 2 FLL

27. Federal Law to Prevent and Eliminate Discrimination

28. Before the National Counsel to Prevent Discrimination (CONAPRED)

29. FLL Article 51

30. FLL Article 517

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.	✓			
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	
Workers are not charged recruitment fees or other related fees for their employment by labor contractors	NA	NA	NA	
Wages or income from crops and work done are not withheld beyond the legal and agreed payment conditions.	✓			
Farmers do not retain the original identity documents of any worker	✓			
Where farmers are legally required to 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	

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	✓			

Applicable laws

- Federal Labor Law (FLL)
 - Mexican Constitution
 - Law to Prevent and Sanction Trafficking in Persons
 - Mexican Criminal Code
- <https://www.ijf.cjf.gob.mx/cursosesp/2015/DiploDerambiental/legislacion/CPenalFederal.pdf>

Your answer

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

- An employment relationship exists where an individual renders a personal, subordinate service to another entity in exchange for a salary regardless of the act that generates it³¹
- Employment relationships are subject to the terms expressly agreed by both parties and must be in accordance with labor provisions, good faith, and equality³²
- Mexican Criminal Code considers forced labor a crime³³
- Workers under the following conditions can be consider in labor exploitation:³⁴
 1. Dangerous or unhealthy conditions, without the necessary protections according to the labor legislation or existing regulations for the development of an activity or industry;
 2. Existence of a manifest disproportion between the amount of work performed and the payment made for it, or
 3. Salary below what is legally established.

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

- N/A

31. Article 20 FLL

32. Article 32 FLL

33. Article 365 Mexican Criminal Code

34. Article 21 Law to Prevent and Sanction Trafficking of Persons

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

- N/A

Laws on prison labor

- N/A

Principle 5 – SAFE WORK ENVIRONMENT

Summary

ALP MEASURABLE STANDARDS	MARKET LEGAL STANDARDS			COMMENTS
	MATCHES	EXCEEDS	OPPOSES	
Farmers provide a safe and sanitary working environment	✓			
Farmers take all reasonable measures to prevent accidents, injury and exposure to health risks.	✓			
No person is permitted to top or harvest tobacco, or to load barns unless they have been trained on avoidance of green tobacco sickness.	N/A	N/A	N/A	
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.	✓			
No person do not enter a field where CPA have been applied unless and until it is safe to do so.	NA	NA	NA	
Every person has access to clean drinking and washing water close to where they work and live.	✓			

Accommodation, where provided, is clean, safe, meets the basic needs of workers, and conforms to the country's laws.	✓			
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Applicable laws

- The Federal Labor Law
- [NOM-003-STPS-1999](#), Farm activities- Use of fitosanitary articles or pest control substances and articles of vegetable nutrition or fertilizers. Safety and Hygiene Conditions. (Actividades agrícolas - Uso de insumos fitosanitarios o plaguicidas e insumos de nutrición vegetal o fertilizantes - Condiciones de Seguridad e Higiene). D.O.F. 28-XII-1999.
- [NOM-007-STPS-2000](#), Farm activities - Installations, machinery, equipment and tools - Safety Conditions. (Actividades agrícolas - Instalaciones, maquinaria, equipo y herramientas-Condiciones de seguridad). D.O.F. 9-III-2001.

Your answer

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

- An employer is obliged to establish and operate all workplaces in accordance with all health, security, and environment provisions that prevent work-related accidents/illnesses³⁵
- An employer must have a medicine and healing implement kit in place to provide first aid to employees
- An employer is obligated to form a Joint Commission with workers to perform monthly reviews and propose preventive and corrective measures for workplace security and hygiene³⁶
- When there are more than 100 employees, an infirmary must be established with the competent personnel, necessary medicine, and recovery material for urgent medical/surgical attention³⁷ unless the employer has registered its employees at the Mexican Social Security Institute³⁸
- Companies involved in farming activities must also provide medical assistance and transportation to the nearest medical service location in addition to medicine (ex. antidotes) and first aid materials for workers and their family³⁹

Requirements to report accidents and injuries

- There is an obligation for the employer to report any work related injury or illness immediately⁴⁰

Requirements for green tobacco sickness training or awareness

- N/A

35. Article 132 FLL

36. FLL

37. Article 504 FLL

38. IMSS, per Article 53 Social Security Law

39. Article 283

40. To the IMSS and to the Ministry of Labor within 72 hours

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

- N/A
-

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)

- Pregnant/nursing women and people under 18 can't use, handle or apply crop protection agents (CPA) or other hazardous substances
-

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)

- NOM-003-STPS-1999, Farm activities- Use of fitosanitary articles or pest control substances and articles of vegetable nutrition or fertilizers. Safety and Hygiene Conditions. (Actividades agrícolas - Uso de insumos fitosanitarios o plaguicidas e insumos de nutrición vegetal o fertilizantes - Condiciones de Seguridad e Higiene). D.O.F. 28-XII-1999.
 - NOM-007-STPS-2000, Farm activities - Installations, machinery, equipment and tools - Safety Conditions. (Actividades agrícolas - Instalaciones, maquinaria, equipo y herramientas-Condiciones de seguridad). D.O.F. 9-III-2001.
-

Requirements related to providing drinking water and safe housing

- There is an obligation to provide and maintain comfortable, adequate and hygienic lodging to employees⁴¹ (proportional to the number of people that are coming with them) as well as potable water and sanitary services during the work shift
-

Requirements for worker accommodation if provided

- There is an obligation to provide and maintain comfortable, adequate and hygienic lodging to employees
-

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

41. Article 136 FLL, housing is usually provided by contributions to INFONAVIT

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.	✓			

Applicable laws

- Federal Labor Law

Your answer

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

- The freedom of workers and employers to form coalitions to defend common interests is recognized⁴²
- A union comprises an association of workers or employers, organized for the study, improvement or defense of their interests⁴³
- Workers and employers with at least 14 years of age⁴⁴ have the right to organize unions without previous authorization⁴⁵
- No person is obliged to participate or abstain from a union⁴⁶

42. Articles 354, 355 FLL

43. Article 356 FLL

44. Article 362 FLL

45. Article 357 FLL

46. Article 358 FLL

- Worker unions must be formed by at least 20 workers in active service
- Unions should be registered at either federal⁴⁷ or local⁴⁸ jurisdiction
- As soon as two or more employees affiliate with a union, the employer must enter into a collective bargaining agreement if the workers so demand.
- A company union represents the workers of a single company, cannot be formed unless at least 20 workers serve as founders and must be registered either federally or locally, depending on case jurisdiction.
- An industrial union is formed by workers rendering services to two or more companies in the same industry and are more prevalent than company unions.
- All employees other than those in a position of confidence as per their duties not their title have the right to belong to a union.

Laws or requirements for collective bargaining

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

- N/A
-

Other prohibitions on union discrimination and employer interference

- Any agreement establishing a penalty for withdrawing from a union or impairing the right to unionize has no effect⁴⁹

47. With the Secretariat of Labor and Social Welfare

48. With Conciliation and Arbitration Boards

49. Article 358 FLL

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	✓			
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	✓			
Farmers and workers have entered into written employment contracts when required by a country's laws and workers receive a copy of the contract.	✓			
Terms and conditions of employment contracts do not contravene the country's laws.	✓			

Applicable laws

- Federal Labor Law (FLL)

Your answer

Legal requirements to constitute labor/employment relation

- An employment relationship exists, regardless of the act that generates it, when an individual renders a personal and subordinate service to another individual or corporate entity, in exchange for a salary⁵⁰

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)

- All employment contracts must be in writing. This can be satisfied by a single collective bargaining agreement that covers all workers or by individual agreements with each worker.

50. Article 20 FLL

- Employment conditions must be set in writing when there is no collective agreement in place⁵¹
- Any lack of writing shall not deprive the worker of any labor rights⁵²
- Any lack of formality is imputable to the employer
- Employment agreements can be for:
 - A specific task
 - A defined time period
 - An indefinite period
 - A trial period (max. 1 month for general employees and 6 months for management positions)
 - Initial training (max. 3 months for general employees and 6 months for management positions)
 - » Seasonal activities
 - Two copies of any written contract must be made with one copy to be retained by each party outlining:
 - » Statement that the worker will be trained and educated with established plans and programs in the enterprise in accordance with the law
 - » Other employment conditions: days of rest, vacations etc.

Required content for written employment contracts

- A written employment agreement must contain:
 - Name, nationality, age, gender, civil state, unique key for population registry, federal tax number, domicile of worker and employer
 - Duration of employment relationship (specific project/time, seasonal, initial training, indefinite, trial period etc.)
 - Services to be provided, to be described as precisely as possible
 - Places where the work is to be furnished
 - Duration of workday
 - Form and amount of wages
 - Day and place for payment of wages

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

- N/A

51. Article 24-25 FLL

52. Article 26 FLL

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

- Farming activities are regulated by seasonal contracts, and these must follow the requirements mentioned above.

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

- An employer may terminate the labor relation with any employee without having an objective or provable just cause but this will trigger an obligation to pay the terminated employee with severance pay
- If an employee is terminated without cause, the employer must pay a severance consisting a three month salary⁵³ at the time of termination and a proportionate share of any benefits⁵⁴
- If the terminated employee wishes to be reinstated in their work but the employers refuses, the employer must pay:
 - 20 days of salary and benefits for every year of services the employee has rendered⁵⁵
 - A seniority premium consisting of 12 days of salary for every year of services rendered capped at two times the minimum wage at the time of termination⁵⁶
- The employer must pay any amount due to the employee upon termination such as unused vacations, a proportionate Christmas bonus, pending salaries or any other benefit in the employee's favor
- There is no obligation to set out a notice period

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

- Any employee has the right to free legal assistance from Federal and Local Labor Authorities⁵⁷ especially in cases of insufficient payment of salary or benefits, violation of labor rights or employment termination

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

- N/A

53. Article 48 FLL

54. Article 84 FLL

55. Article 49-50 FLL

56. Article 486 FLL

57. With the Public Defendants Office (Procuraduria de la Defensa del Trabajo)

Appendix IV – 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
Auxiliaries	Members of the field team that assisted field technicians with Mobileaf, farmer trainings, Prompt Action reporting and any other issues requiring support.
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
CU	Control Union
DERNAY	Desarrollo Rural de Nayarit
FAI	NGO Fundación Mexicana de Apoyo Infantil
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