

# THIRD PARTY ASSESSMENT

DELTAFINA

Extremadura Region, Spain

AGRICULTURAL LABOR PRACTICES PROGRAM



Control Union Certifications

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Netherlands

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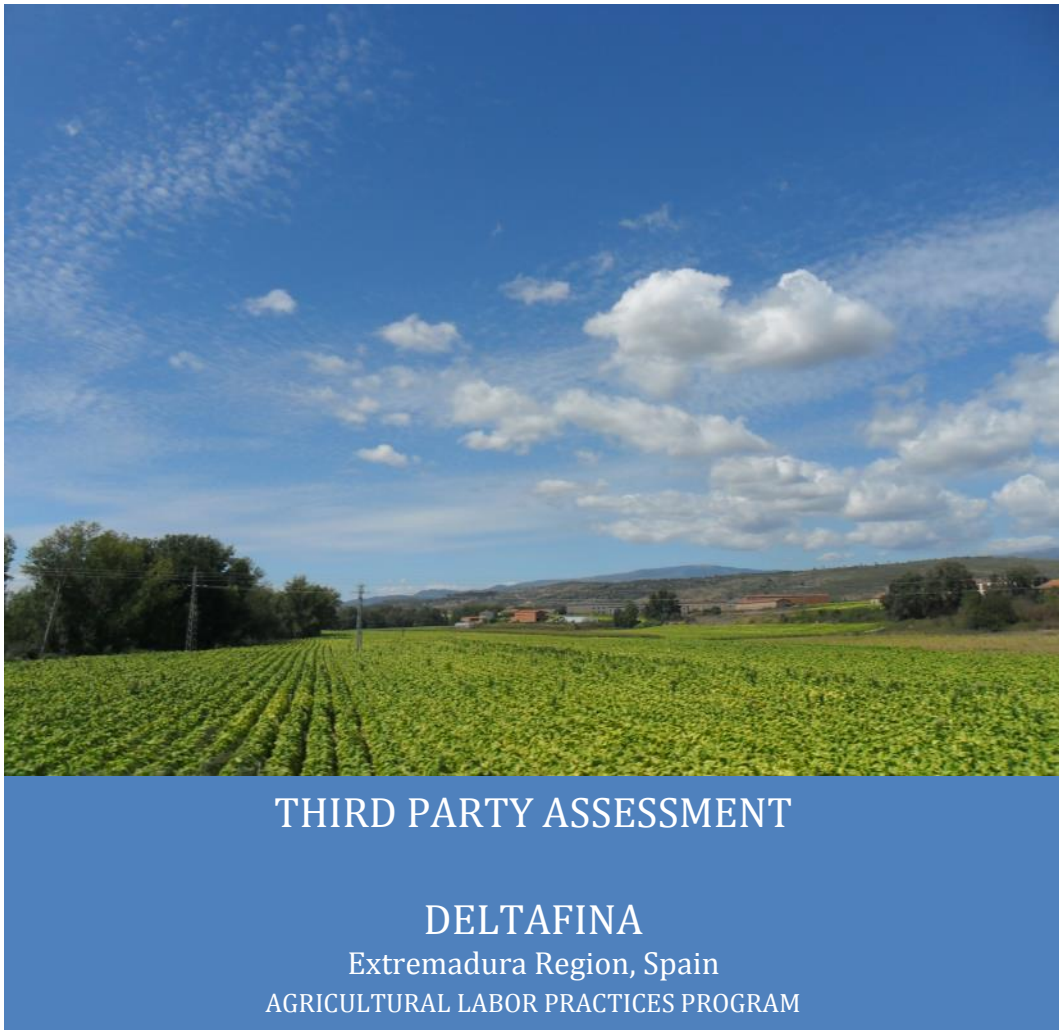
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## GLOSSARY OF TERMS and ACRONYMS

ALP	Agricultural Labor Practices
ALP Code	PMI's Agricultural Labor Practices Code
ALP Code Principle	Short statements that set the expectations of how the farmer should manage labor on his farm with regards to the seven focus areas
ALP Program	Agricultural Labor Practices Program
CU	Control Union Certifications
DELTAFINA	PMI tobacco supplier in Spain
CPA	Crop Protection Agents
Crew leader	Person responsible for managing a group of workers
Family farm	A 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 status of the farms and systematically gather detailed information about (among other things): the type of labor employed, the farming activities that minors may be involved in, and the hiring process
FCV	Flue-cured Virginia tobacco
GAP	Good Agricultural Practices
GTS	Green Tobacco Sickness
IBERTABACO	Second tier cooperative
COOLOSAR	First tier cooperative: Sociedad Cooperativa Agraria de Losar de la Vera
TABACOEX	First tier cooperative: Tabacos de Extremadura Sociedad Cooperativa Limitada
UNAGRI	First tier Cooperative: Union de Agricultores de Riobobos Sociedad Cooperativa Limitada
ITP	International Tobacco Procurement program of PMI
Leaf tobacco supplier	Company that has a contract with PMI to supply tobacco but is not a farmer
Migrant labor	Migrant labor refers to labor that comes from outside the farm's immediate area. Migrant labor can come from a neighboring region in the same country, or from a different country
Measurable Standard	A Measurable Standard defines a good labor practice on a tobacco farm and helps determine to what extent the labor conditions and practices on a tobacco farm are in line with each of the ALP Code principles
NGO	Non-Governmental Organization
OC	PMI Operations Centre (Lausanne, Switzerland)
Phase 1	Start-up of ALP Program (training, communication and outreach)
Phase 2	ALP Program full implementation (monitoring and addressing problems)
Piece work	Payment at a fixed rate per unit of production or work
PMI	Philip Morris International, Inc. or any of its direct or indirect subsidiaries
PMIM SA	Philip Morris International Management SA
PPE	Personal Protection Equipment
Prompt Action	A situation in which workers' physical or mental well-being might be at risk, children or a vulnerable group (e.g. pregnant women, the elderly) are in danger, or workers might not be free to leave their job
Support mechanism	A way for workers to access information and get support in difficult situations and for workers and farmers to get support in mediating disputes. Farmers have access to additional services to improve labor and business practices.

## 1. ALP Program background and assessment overview



In 2011, Philip Morris International Inc. (PMI)<sup>1</sup> launched a worldwide Agricultural Labor Practices (ALP) program to progressively eliminate child labor and other labor abuses, where they are found and to achieve safe and fair working conditions on tobacco farms. This program applies to all tobacco farms with which PMI, or PMI's leaf tobacco suppliers, have contracts to grow tobacco for PMI and consist of four main components:

- (1) the Agricultural Labor Practices Code: setting clear standards for all tobacco farms growing tobacco from which PMI ultimately buys;
- (2) an extensive training program for all PMI and leaf tobacco supplier's staff that are directly involved with tobacco growing, in particular the field technicians that provide regular visits to the farms;
- (3) a multi-layered internal and external monitoring system; and
- (4) involvement of governmental and non-governmental (NGO) stakeholders in improving labor practices and enhancing the livelihoods of tobacco growing communities.

The ALP Program was developed, and is being implemented, in partnership with Verité: a global social compliance and labor rights NGO. Control Union Certifications (CU) was commissioned by PMI to develop the external monitoring component of the ALP Program working in tandem with Verité to assess PMI leaf tobacco suppliers and tobacco farms worldwide. All PMI leaf tobacco suppliers submit internal, annual reports and are assessed regularly on their performance. For the ALP Program implementation, internal reviews are also being performed to assess the progress and challenges in the program's implementation. Third party assessments (periodic reviews) of PMI leaf tobacco suppliers and tobacco farms worldwide are undertaken by CU. In this initial stage of implementing the ALP Program, these third party assessments focus solely on the ALP Program implementation. They specifically focus on the progress of each leaf tobacco supplier's implementation of the ALP Code, framed against the strategic objectives set by PMI. The ALP Code contains seven (7) principles:<sup>2</sup>

- 1. Child Labor**  
There shall be no child labor.
- 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.
- 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.
- 4. Forced Labor**  
Farm labor must be voluntary. There shall be no forced labor.
- 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.
- 6. Freedom of Association**  
Farmers shall recognize and respect workers' rights to freedom of association and to bargain collectively.
- 7. Compliance with the Law**  
Farmers shall comply with all laws of their country relating to employment.

<sup>1</sup> For the purposes of this report, "PMI" means Philip Morris International, Inc. or any of its direct or indirect subsidiaries.

<sup>2</sup> The full ALP Code is contained in appendix 2.

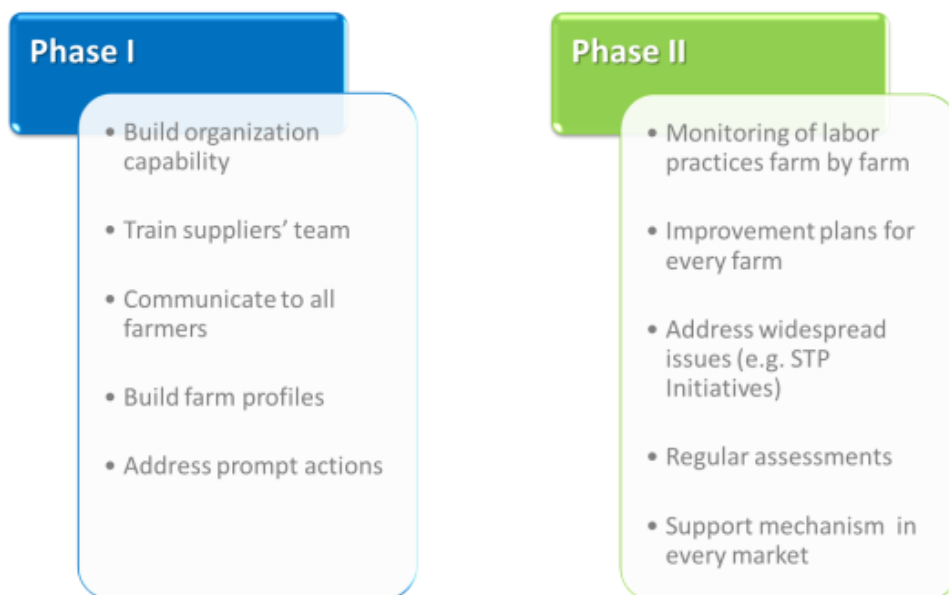
The implementation of PMI's ALP Program by leaf tobacco suppliers that purchase tobacco for PMI has been divided into two phases:<sup>3</sup>

#### Phase 1

- Management personnel and field technicians understand the ALP Code and the implementation approach, including ensuring capacity of people and processes in place to roll-out and manage the ALP Program;
- Communicate the ALP Code, requirements and expectations to all farmers;
- Document Farm Profiles for every contracted farm including identifying risk areas and tracking communication efforts to farmers;
- Being aware and engaged to identify situations and incidents at farms that should be both reported and addressed immediately.

#### Phase 2 (full implementation of the program)

- Collect detailed information about labor practices on every contracted farm;
- Systemically assess each farm for status of the Measurable Standards outlined in the ALP Code;
- Create and implement an improvement plan for each farm to improve the implementation of all required standards;
- Identify and implement corrective and/or preventive measures to identify and address the root causes of potential situations not meeting the standards and risks found on the farms;
- Systemic reporting on the progress being made;
- Support mechanism in place.



(Source: Verité & PMI, 2011)

<sup>3</sup> Often, there is not a strict distinction between the two phases during ALP implementation. In practice suppliers in many markets start to consider how to address and respond to situations that do not meet the Code and to monitor changes before formally finishing Phase 1.



## 2. DELTAFINA Assessment: Scope and Methodology



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## 2.1 Scope

In 2011 PMI launched the ALP Program globally. This report of DELTAFINA's tobacco growing operations in the Spanish region of Extremadura is the eleventh external ALP assessment by Control Union. The assessment was conducted in September 2015 during the completion of DELTAFINA's third crop season under the ALP Program and its second year of implementing Phase 2.

## 2.2 Opening meeting

On 21<sup>st</sup> September 2015, CU started the assessment with a meeting at the IBERTABACO offices in Rosalejo, attended by the DELTAFINA ALP steering committee (regional Managing Director, ALP regional agronomy chief and ALP regional coordinator), the DELTAFINA ALP Country Team (IBERTABACO Managing Director, Coloosar Managing Director and Tabacoex Managing Director) and the PMI regional ALP coordinator. During the meeting CU presented the objectives of the assessment and DELTAFINA provided an overview of ALP implementation in their supply chain.

## 2.3 Staff interviews and ALP Program documentation

The assessment of DELTAFINA's work included individual interviews with the ALP steering committee and the ALP Country Team at the IBERTABACO and Coloosar offices. All interviews were conducted individually so interviewees felt comfortable to speak freely and raise any issues. The conversations covered the following topics in relation to the ALP Program:

- General awareness of the ALP Program and knowledge of the ALP Code;
- Implementation of the ALP Program at the DELTAFINA level;
- Responsibilities of management personnel;
- Internal training and communication on the ALP Program;
- Communication of the ALP Code to farmers;
- Internal system to collect information for Farm Profiles;
- Mechanism for reporting Prompt Actions;
- Records showing the training of field technicians;
- Relationship with external stakeholders;
- Pilot conducted for monitoring labor practices;
- Initiatives implemented to address widespread and/or systemic issues; and
- Support mechanism.

DELTAFINA provided all the relevant documentation related to the ALP Program implementation requested by CU, including: Farm Profiles, farmer communication materials, purchase contracts, Prompt Action reports, training records, personnel records, and internal ALP related job objectives.

## 2.4 Farm sample selection

To constitute a meaningful sample, CU needed to visit at least 13 farms, the square root of the total of 169 farmers directly contracted by DELTAFINA in the region of Extremadura. In total, CU visited 13 farms. Farm selection was prioritized based on the following categories:

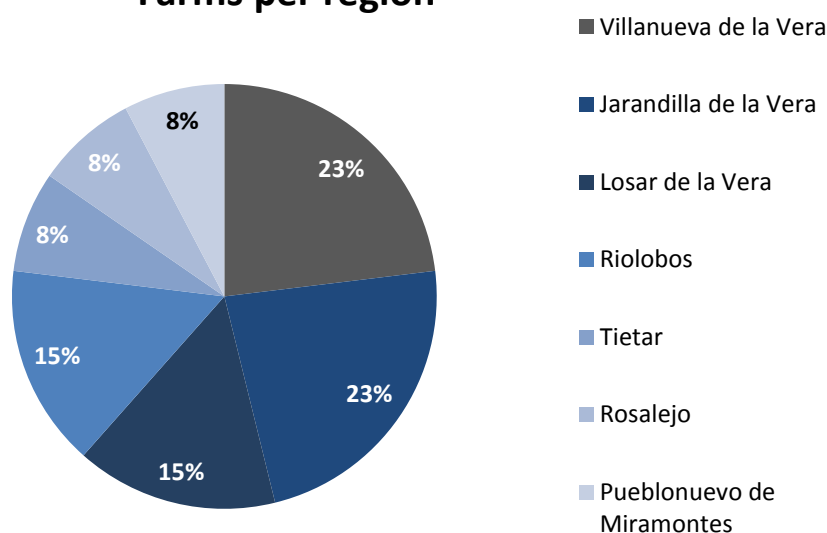
- Geographical spread
- Farm size
- Farms with reported Prompt Actions in 2014 and/or 2015

100% of the farm visits were unannounced. The day before a specific farm visit and assessment of a field technician, CU informed the ALP Country Team leader. The farmers to be visited were notified on the day of the visit. Over one week, CU visited an average of four farms per field day with a full day of reporting reserved after two day of field visits.

The total number of contracted farms within the scope was divided over seven growing regions inside Extremadura: Pueblonuevo de Miramontes, Riobobos, Rosalejo, Tietar, Losar de la Vera, Jarandilla de la Vera and Villanueva de la Vera (including only Flue Cured Virginia farmers).

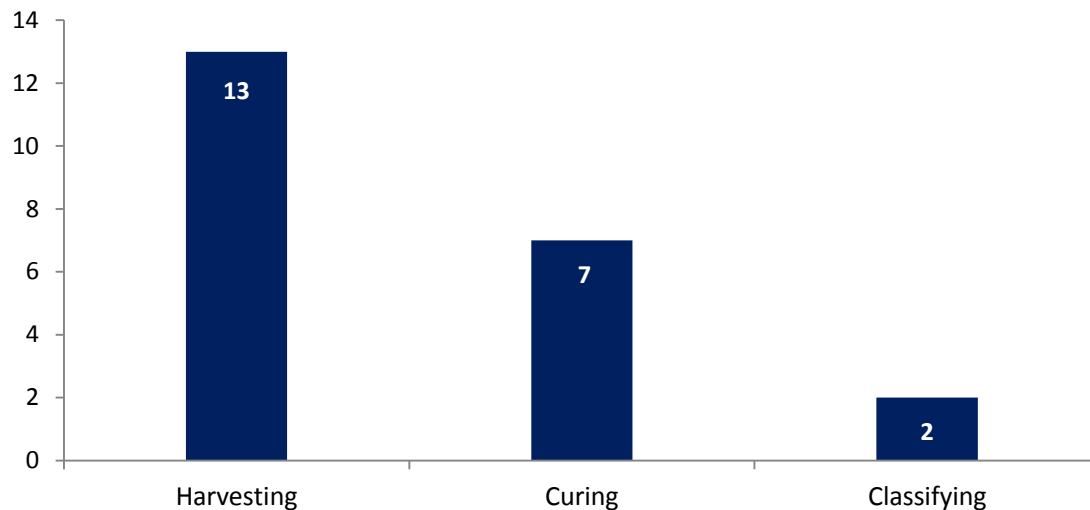
The graphs and tables below provide information on the 13 sampled farms. Percentages refer to the demographic breakdown of this specific sample of farms.

**Farms per region**

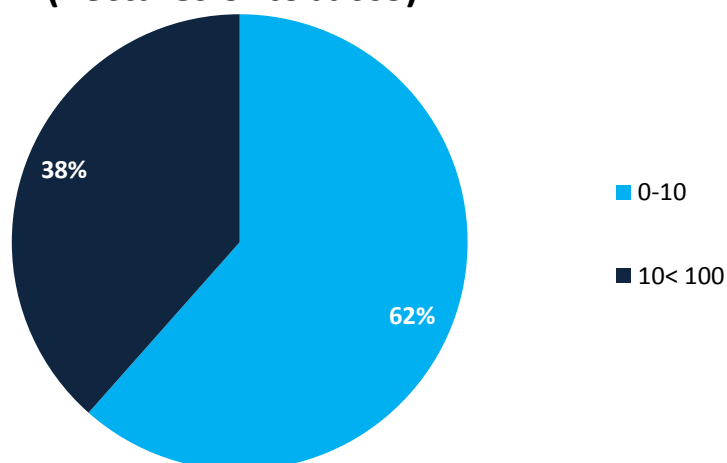


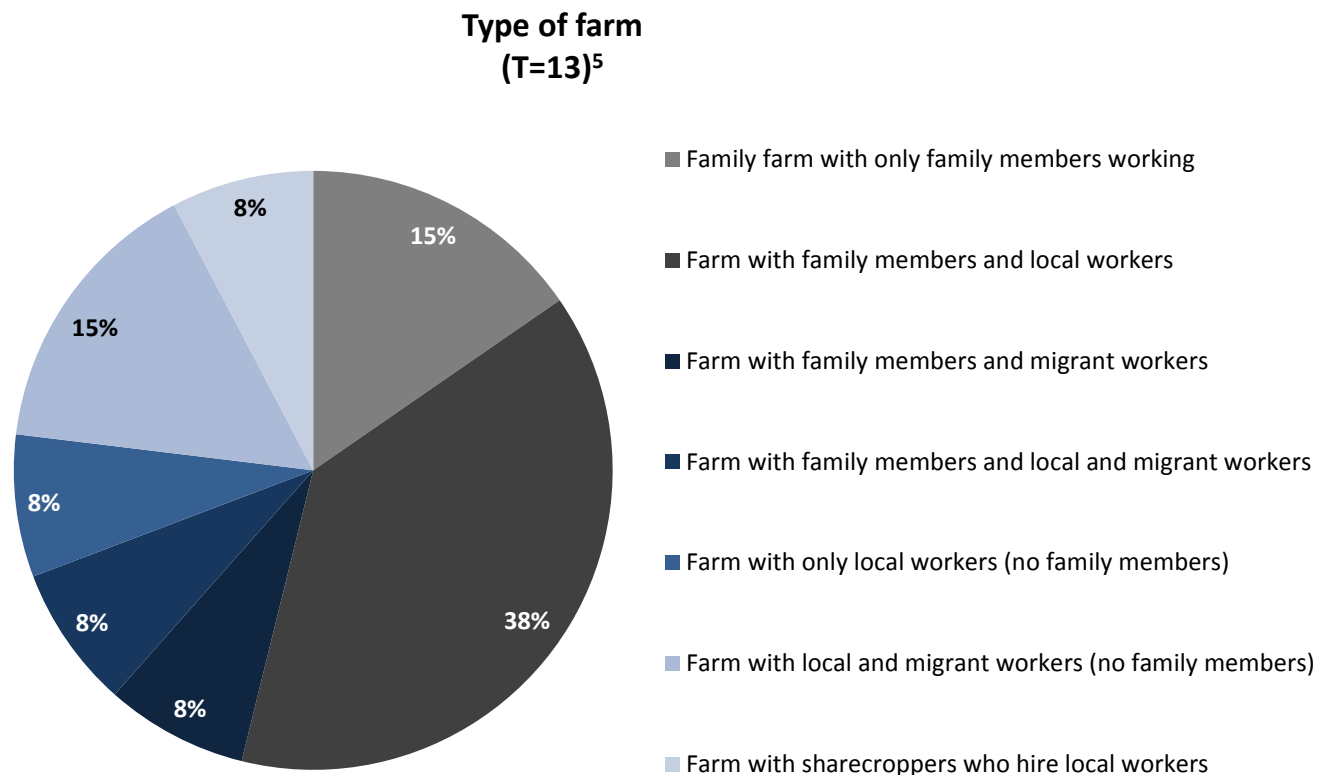
At the time of the assessment all farms visited were in the harvesting stage of tobacco production and some of them were already curing and/or classifying (see graph below).

### Stage of tobacco production



### Farm size (hectares of tobacco)





## 2.5 Farm visits

CU used a variety of methods to collect information on each farm's implementation practices for the ALP Code's Measurable Standards. These included: interviews with farmers and workers, verification of farm related documentation and visual observation of fields, storage rooms, curing barns, working areas and housing. Before each interview, CU explained the objective of the assessment and assured interviewees that anonymity would be preserved at all times.

On each farm, CU conducted an individual interview with the farmer to assess the effectiveness of DELTAFINA's communication efforts, verifying:

- The farmer's awareness of the ALP Code;
- The farmer's level of understanding and attitude towards the ALP Code;
- The key messages received from DELTAFINA;
- The farmer's willingness and ability to meet the standards of the ALP Code.

In addition, CU conducted individual and group interviews with farm workers and family members working at the farms, verifying:

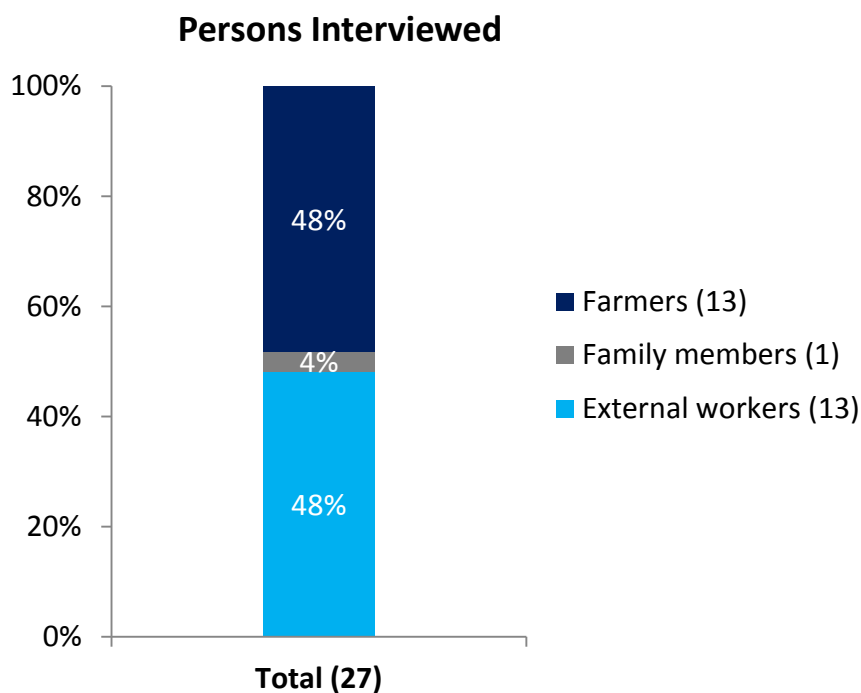
- The worker's awareness of the ALP Code;
- The worker's level of understanding and attitude towards the ALP Code;

<sup>4</sup> Sharecropper: Person responsible for managing a plot of land for which the farmer provides the inputs and at the end of the harvest the worker shares the profit with the farmer.

- The labor practices at the farm.

## 2.6 Persons interviewed

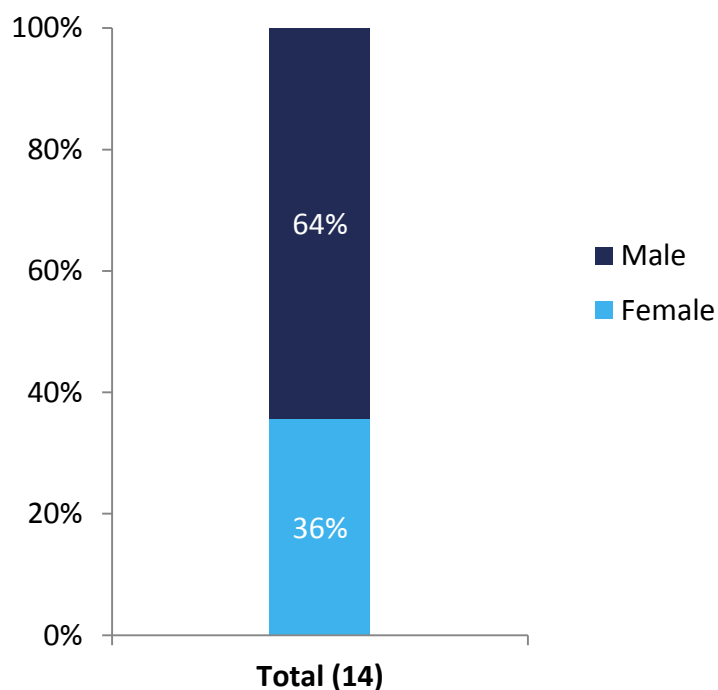
In total, 27 people were interviewed. To avoid undue interference or influence, CU attempted to conduct all interviews with workers without the presence of the farmer. The graphs below provide a demographic profile of this sample of interviews.



The following two graphs provide demographic information on the 13 external workers and the family member of the farmers interviewed in the assessed regions. All workers interviewed were local<sup>5</sup> and above 18 years old, as was the family member who was interviewed.

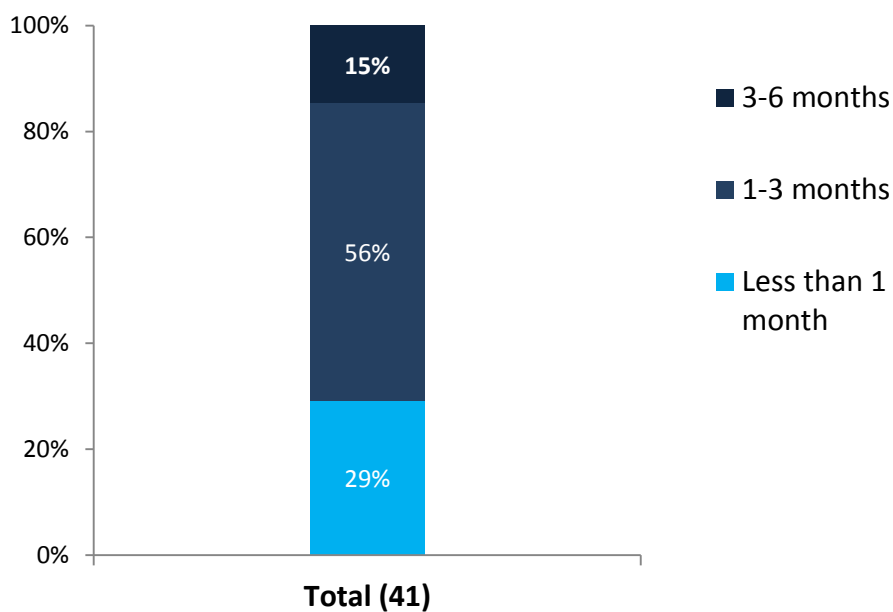
<sup>5</sup> Workers who travelled home daily.

### Gender of external workers and family members interviewed



The following graphs provide additional information about the workers' type of employment for the farms visited.<sup>6</sup>

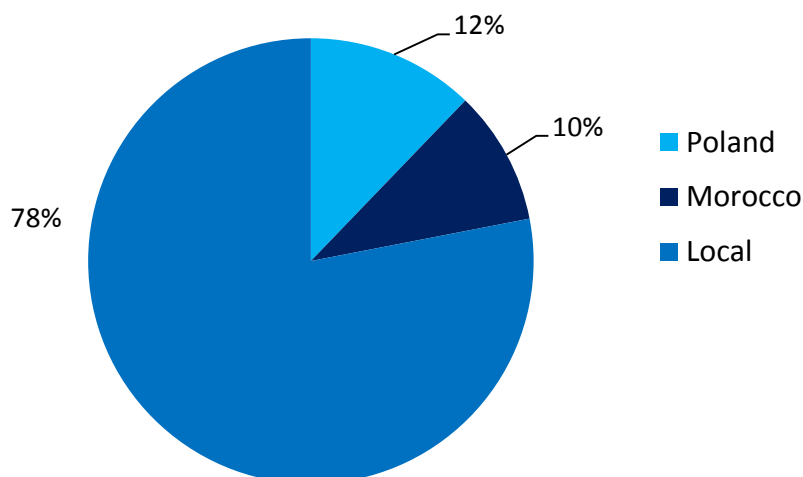
### Duration of employment external workers



<sup>6</sup> Based on worker interviews and farmer declarations.



### Origin assessed external workers



## 2.7 Closing meeting

CU presented its initial findings in Madrid on 23<sup>rd</sup> October 2015. The meeting, was attended by representatives of the DELTAFINA ALP steering committee, part of the DELTAFINA ALP Country Team (represented by the IBERTABACO Managing Director), two representatives from the OC, two representatives of PMI regional agricultural programs for Europe and four management representatives from PMI Spain.

## 2.8 Preparation of the final report

This final public report is an important external measurement of the progress of global ALP implementation, in all countries where PMI sources tobacco, including Spain. Public release of this report demonstrates DELTAFINA's and PMI's commitment to transparency; this is an important component of the ALP Program. CU prepares the final assessment report with Verité providing quality control. While drafting the report, PMI and the local PMI entity or leaf tobacco supplier may request clarifications on specific findings. After both PMI and the local PMI entity (or leaf tobacco supplier), feel that the findings have been clarified and understood, a country action plan is prepared or the country revises the existing GAP/ALP Program plans to respond to the findings.

All findings included in this report refer to the sample of employees of the leaf tobacco supplier, farmers, family members and/or workers applicable and assessed, unless described otherwise. Hence, the numbers and percentages presented do not refer to the entire farm base or staff contracted by the tobacco leaf supplier.

### 3. Assessment: implementation of Phase 1 of the ALP Program



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This chapter documents the findings of the assessment of DELTAFINA's implementation for Phase 1 of the ALP Program. Phase 1 began with training for management personnel and field technicians, including:

- 1) DELTAFINA's objectives and expectations;
- 2) The meaning of the ALP Code Principles and Measurable Standards;
- 3) Techniques to communicate the ALP Code to farmers;
- 4) Tracking progress of communications and how to build a Farm Profile;
- 5) Identifying issues when visiting farmers.

### **3.1 Conduct of the assessment**

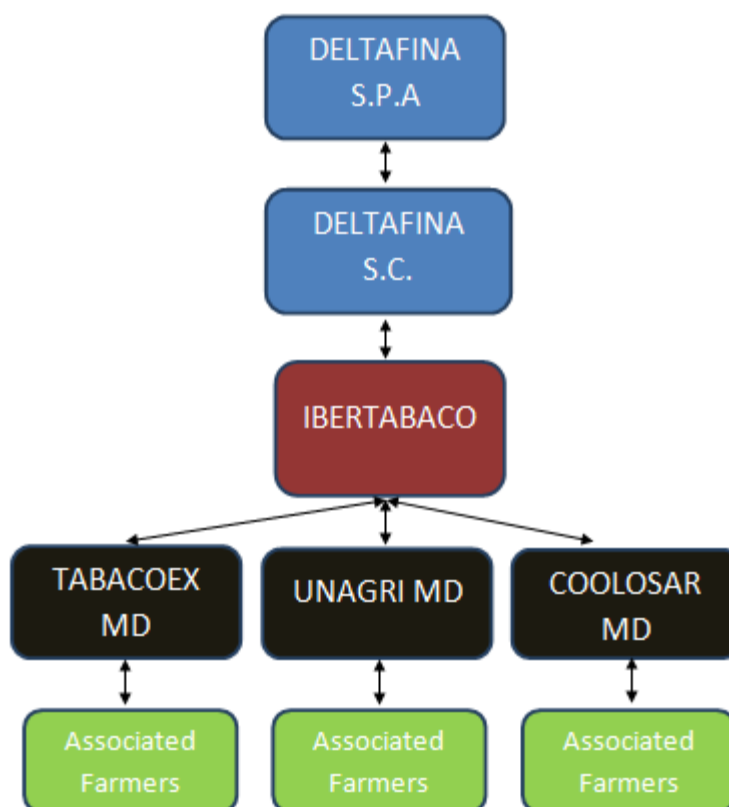
CU was satisfied with the cooperation and access to information provided by DELTAFINA. Everyone interviewed demonstrated a willingness to explain internal processes and provide their professional feedback. Both management and field personnel were fully transparent during the assessment and provided all support requested by CU. All farmers visited were willing to participate in the assessment while sharing the required documentation and/or allow interviews with farm workers. It was not possible to interview the ALP Country Coordinator as she left the company just a few weeks before the assessment was conducted.

### **3.2 People and processes to manage the ALP Program**

#### **3.2.1 Company internal structure**

To understand the company's strategy for implementing the ALP Program it is important to describe DELTAFINA's organizational structure. DELTAFINA S.C. is the Spanish subsidiary of the Italian company DELTAFINA S.P.A. In Spain, the company contracts the second tier cooperative, IBERTABACO, for tobacco services which in turn gathers three first tier cooperatives: Coolosar, Unagri and Tabaco which contract with the farmers, as shown in the chart below:

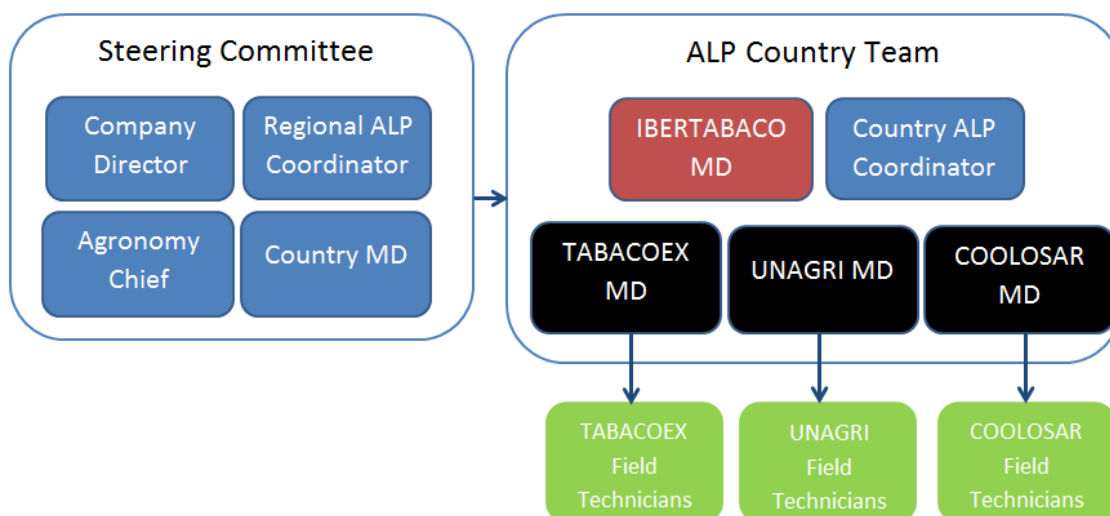
### Organizational chart



#### 3.2.2 Internal structure for ALP implementation

At the time of the assessment, DELTAFINA had previously established an ALP Steering Committee which included: the regional Managing Director, Agronomy Chief, ALP Coordinator and the Country Managing Director. An ALP Country Team was also created which included: an ALP country leader, one first tier cooperative's Managing Director, three second tier cooperative's Managing Directors and five field technicians. Both the Steering Committee and ALP Country Team were supported by the PMI Regional ALP Coordinator and all these employees were also involved in the broader Good Agriculture Practices (GAP) Program.

### Organizational chart for ALP implementation



DELTAFINA response: *"The Contracting structure for tobacco farmers in Spain is multi-layered and therefore the effective implementation of the ALP Program requires commitment at all levels of the supply chain. DELTAFINA at the top of this structure, together with the second tier cooperative "IBERTABACO" and first tier cooperatives "Tabacoex", "Unagri MD" and "Coolosar", shall lead this process, with the involvement of technicians from the first tier cooperatives and coordinators from IBERTABACO. The strong relationship and commitment of DELTAFINA and IBERTABACO will ensure the successful implementation of the STP."*

*DELTAFINA and IBERTABACO are planning to organize different group meetings with the farmers at the different crop stages of the season. The first meeting will be held just before signing the contracts for the new crop (2016) to be sure that all farmers are committed to STP requirements. The first scheduled meeting will be in February 2016, and DELTAFINA will explain to all of its contracted farmers the commitments for the coming crop (2016) in terms of the mandatory agronomic programs under ALP and STP. At this point the farmers can decide whether to sign with DELTAFINA or another supplier."*

#### 3.2.3 Internal communication and reporting

The ALP Country Team and the Steering Committee held quarterly meetings during which ALP was discussed. The ALP Country Team coordinator and the Country Managing Director reported on program developments and related issues including: the ALP plan, farm monitoring, addressing issues with farmers, Prompt Actions, budgets and impact on the initiatives. Subsequently, the ALP country coordinator sent a quarterly report to the ALP Steering Committee and the PMI Regional ALP Coordinator.

The Country Managing Director, ALP Country Coordinator and Agronomy Chief held monthly meetings in which updates about the ALP implementation status was discussed.

In the local offices, the ALP country coordinator, the cooperative's Managing Directors and field technicians met weekly to discuss ALP related issues, including: status of Prompt Actions, difficulties in how to communicate the ALP to the farmers and strategies on how to better reach farmers. These meetings were also

attended by the Country Managing Director who actively joined in both the discussions and in gathering valuable field information. To continually improve both the knowledge and understanding of the ALP Code, different teaching strategies were used to facilitate the learning process and help field technicians share their experiences from field visits.

As well as these weekly meetings, personnel involved in the ALP implementation were constantly updated by emails, phone calls or informal meetings.

#### 3.2.4 ALP training, roles and responsibilities

All required personnel involved in implementing ALP were trained. The regional Managing Director, Agronomy Chief and Country Managing Director were first trained in 2011 and 2012 by the PMI Regional team. In 2013, updated training sessions with the cooperative's Managing Directors, the ALP country coordinator and field technicians were held by the PMI Regional ALP Coordinator. In 2014 and 2015, the PMI Regional team organized a workshop with the ALP Steering Committee and the ALP Country Team. The workshop included visits to the farms to analyse improvement areas for the implementation of the ALP Code in the field.

During weekly meetings, the field technicians were continually trained and their knowledge was assessed through both and written tests.

Despite there being no written roles and responsibilities regarding ALP these were clear for all personnel involved in the ALP Program.

Only the ALP Country Coordinator had a full time responsibility for the ALP Program; the rest of the ALP Country Team members had other responsibilities and tasks (administrative, buying, curing barn management, agronomy support, etc.) in addition to the ALP Program.

*DELTAFINA response: "...DELTAFINA will hold several meetings at different levels. The first will be in February then one more after the transplanting in June - July with the participation of:*

- 1. DELTAFINA HQ and IBERTABACO: in order to manage and analyze the current situation and establish an intensive training program for all STP participants.*
- 2. STP Country Team: in order to analyze each cooperative's specific structural and operational circumstances and how they impact the implementation of ALP. In particular, all management and participants to understand the ALP program and the relationship and distinction where applicable, from relevant laws.*
- 3. STP Country Team: in order to refresh FT's knowledge based on CU's findings.*
- 4. Farmers: with the target to meet 100 % of them, provide training to refresh their knowledge and understanding through meetings held twice a year and face to face discussions with FTs during the season. All the meetings will be held in the headquarters of each cooperative."*

*One meeting will be held before the crop season (February 2016) and at least one other meeting will be held during the growing phase (June 2016). These meetings will be attended by DELTAFINA HQ personnel, the STP country team and all the farmers. The refresher meetings within the Country STP team will take place on a monthly basis, with particular emphasis on the gaps related to the Prompt Action issues, improving their knowledge about the topic and identifying the main areas of concern through the risk assessment."*



### 3.2.5 Engagement with the ALP Program

The ALP Steering Committee was very engaged with the ALP Program. From their perspective the main goal of the ALP Program was to demonstrate social responsibility, add value to the final product and improve rural living.

The ALP Steering Committee was fully aware of the widespread issues and the progress of the initiatives at the farm level. To reinforce ownership and to provide a participatory role, tools and special documents were developed for gathering information at the farms. Additionally, members of the ALP Steering Committee occasionally joined field personnel on farm visits giving them insight into specific challenges and the perspective of farmers.

The ALP Country Team members were engaged with the program as they all responded that they found the ALP code was a way to improve safety at the farmers' workplace and demonstrated a social commitment in the tobacco production sector. However, the Managing Director of one of the cooperatives claimed that the ALP code was neither a useful program nor a priority, as in his view all the principles were already covered by the local law for the Spanish tobacco market.

Moving down the organization, the engagement of field technicians was important as they managed the primary contact with the farmers. Most of them declared they saw the ALP Code as an opportunity for the farmers to comply with the local laws and improve the safety at the farm. However, there was one field technician who was not very engaged with the program. He did not consider it useful as in his opinion the laws in Spain were stricter than the ALP Code. This field technician and the Managing Director referred to above, both belonged to the same cooperative.

## **3.3 Communicating the ALP Code requirements to all farmers**

### 3.3.1 The ALP communication strategy

The communication strategy and the materials and methodologies used were defined based on the information gathered in Phase 1 (Farm Profiles and Prompt Actions), Phase 2 (monitoring forms), during regular farm visits and the workshops conducted by the ALP PMI Regional team.

All farmers contracted by DELTAFINA were included in the ALP communication and training programs. It should be noted that although the communication materials described in the following chapter included all seven ALP Code Principles, field technicians focused primarily on safety (GTS & CPA) during the farm visits as these were considered the most critical topics. However, in July 2015 DELTAFINA decided to also emphasize the Income and Work Hours principle as PMI Regional had identified a lack of knowledge among farmers and workers in this area.

As a result of DELTAFINA's communication efforts, 11 farmers (85%) were aware of the ALP Code. The table below shows farmers' awareness of the different ALP Code principles. The percentages do not refer to the farmers' total awareness of the ALP Code Principles, only of the 7 major topics selected for the interviews.

ALP Code Principle	Farmers that named and explained the principle
Child Labor	10 (77%)
Income and Work hours	9 (69%)
Safe Work environment	8 (62%)
Fair Treatment	8 (62%)
Forced Labor	5 (38%)
Freedom of Association	1 (8%)
Compliance with the law	1 (8%)

Of the 11 farmers that were aware of the ALP Code, nine (82%) considered it important. They understood its significance for improving safety at the farm and for using it as a guide to comply with local laws and company rules.

12 farmers (98%) considered their relationship with the field technicians good. They were satisfied with the agronomy support that was in place to help them improve both their tobacco productivity and income. Only one farmer declared he was dissatisfied with the support of the field technician. This farmer explained that the field technician was only giving support via cell phone instead of visiting the farm.

### 3.3.2 ALP communication methods and materials

Three main methods of communication were used to communicate the ALP Code to farmers:

- Group meetings in the cooperatives during the contracting period to introduce the ALP Code to farmers
- Regular field technicians visits
- Individual meetings in the cooperatives when farmers visit the cooperatives

The communication materials included:

- ALP printed presentation
- ALP posters: these included all 7 ALP Code Principles
- Income and work hours poster
- GTS posters
- GAP yearly bulletin

The support of field technicians is very important. All field technicians interviewed declared they visited the farms at least three times per season. One field technician (20%) said he needed more time to communicate the ALP Code with farmers as he had other tasks to perform during the farm visits. The number of

farmers each field technician had to visit varied among the three cooperatives, and ranged from 12 to 81 farmers.

The table below shows the communication methods that farmers remembered when asked how they heard about the ALP Code.<sup>7</sup>

Communication method	Farmers
Regular Visits	10 (77%)
Group meetings	4 (20%)
Poster	3 (15%)
Other	3 (15%)

DELTAFINA response: *"DELTAFINA, in cooperation with IBERTABACO, will update and compile new communication materials aimed at improving farmers' understanding of the ALP Code Principles and their responsibilities. The following communication materials will be prepared by April 2016 in Spanish (all migrant workers employed by farmers speak fluent Spanish) and distributed to all farms during the first field visits:*

- *New brochure for Good Agricultural Practices in the field."*
- *"New ALP poster with the 7 Principles that will include updated photos (based on Spanish conditions) and a more precise translation.*
- *Based on CU recommendations a new poster will be published in 2016 focusing on income and working hours which will highlight minimum wages, working hours and overtime work."*
- *"An updated leaflet will be provided during 2016 crop for distribution by the farmers to their workers, focusing on workers' rights, which will include the emergency telephone number (112) which workers can call for support."*
- *"A new brochure will be prepared for the 2016 crop containing a new list of hazardous tasks which must never be performed by minors (no person below 18 is allowed to perform any type of hazardous work)."*
- *"A GTS poster with information on how to prevent exposure to green tobacco sickness, how to recognize the symptoms and what workers should do if they experience GTS.*
- *Update all the principal information and documentation edited by the ALP country team and supervised by the Steering Committee relating to the ALP program on the website: [www.IBERTABACO.com](http://www.IBERTABACO.com)."*

### 3.3.3 Understanding and perception of the ALP Program

The DELTAFINA management team generally had a good understanding of the ALP Program and ALP Code Principles. Field technicians' understanding of the ALP Code is critical as they are the main point of contact with the farmers. They saw the ALP Code as a tool to progressively eradicate child labor and to improve the quality of life of the farmers. Overall their knowledge of the seven ALP Code

<sup>7</sup> A farmer could report more than one communication method.

Principles was good but some areas for improvement were identified. CU's findings are summarized below:

- Child labor: All 5 field technicians interviewed knew that the minimum working age for the tobacco sector was 16 years. Three (60%) field technicians were able to explain that children between 16 and 18 can work but with certain restrictions. With regards to hazardous activities, all the field technicians had a good understanding of this concept and gave accurate examples of hazardous and non-hazardous activities.
- Income and work hours: Three (60%) of the field technicians were aware of the legal monthly and daily minimum wage in accordance to the Extremadura collective bargaining agreement. The other two only knew the national legal minimum wage. Regarding the legal maximum weekly and daily working hours, the concept of voluntary overtime and legal rest days were clear to all of the technicians.
- Fair treatment: All field technicians understood the basic concept of this principle. They knew that workers should be treated equally (no discrimination) and fairly (provide good working conditions / "treat them as friends").
- Forced labor: All field technicians demonstrated they understood the concept of this principle by stating that workers must be free to work and cannot be forced under any circumstance. They also mentioned risks associated to maintaining original identity documents, working under debt and end of the harvest payment.
- Safe work environment: All field technicians had a good understanding of this principle; workers should have a safe working place and take the adequate safety measures to avoid accidents. The need to use PPE for CPA application, protective clothing for harvesting, sanitary facilities, access to water and adequate housing was clear to them.
- Freedom of association: All field technicians understood the basic concept of this principle; workers should be free to join unions or build their own labor unions and no worker shall be excluded due to union membership.
- Compliance with the law: All field technicians understood this principle as a requirement for the farmer to comply with all the country's laws regarding workers employment but none explicitly mentioned that employment conditions and legal rights should be communicated to the worker at the moment of the contract.

### 3.4 Building Farm Profiles for all contracted farms

As a requirement of Phase 1, DELTAFINA employees were expected to build Farm Profiles for every farm. PMI developed a global template to support the collection of information on socio-economic indicators including: farm size, number of workers, age and number of children in the farmer's family, employment status

(for example part time, full time, migrants), the pay period for workers and living conditions.

#### 3.4.1 Data gathering system for Farm Profiles

At the beginning of Phase 1, DELTAFINA developed a written procedure on gathering the information for the Farm Profiles. Part of the information was gathered at the beginning of the season when the cooperative received from the farmer the data included in the *Integrated Production*<sup>8</sup> notebook.<sup>9</sup> The rest of the data was gathered at the farm using a shortened version of the PMI Farm Profile global template, with both the ALP country coordinator and the field technicians being responsible for the gathering and recording of this information.<sup>10</sup> All this information was digitally centralized, on a yearly basis, using internal software. This data was subsequently analyzed and updated if needed. Although improvements were required to obtain all relevant information, the fact that DELTAFINA had developed their own procedure and systems to obtain the data from the farm, showed ownership of the ALP Program. Nevertheless, PMI Regional requested DELTAFINA to only use the PMI Farm Profile global template resulting in less ownership and a less efficient procedure.

At the time of the assessment, DELTAFINA was looking forward to the implementation of Mobileaf, a handheld data collection tool that will be used by field technicians to gather Farm Profile information. This was expected to reduce the time used to gather the relevant information at each farm.

#### 3.4.2 Accuracy of Farm Profiles

By comparing the information on the Farm Profiles with the situations observed at the farms, CU concluded that eight (62%) of the Farm Profiles assessed were accurate. For the remaining five Farm Profiles, one or more of the following inaccuracies were identified:

- Farm tasks: in four Farm Profiles the tasks performed by were missing.
- People on the farm: one Farm Profile did not include the seasonal workers hired by the farmer.
- Tobacco area: one Farm Profile did not match the actual planted tobacco area.

According to both the supervisors and field technicians interviewed, Farm Profiles were completed yearly and revised at the farm during the first visit. An update was done when relevant changes were identified on the farm when the field technicians mainly focused their attention on changes in the planted area.

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<sup>8</sup> The Integrated Production program is regulated by the Royal Decree 1201/2002 for the entire crop production in Spain. Among other requirements, the farmer must complete an *Integrated Production* notebook, in which all the crop activities are recorded.

<sup>9</sup> Farm size and address, name and farmer ID, and type of farm.

<sup>10</sup> Number of family members and their ages, number of workers and their ages, tasks performed by workers and family members at the farm, and other commercial crops on the farm, origin and native language of migrant workers.

### 3.4.3 Analysis on information Farm Profiles

Based on the information obtained through the Farm Profiles, DELTAFINA conducted quarterly and annual analyses with which to design initiatives to address widespread and/or systemic issues.

DELTAFINA response: *"Despite the complexity of the Spanish organization (DELTAFINA, 3 Cooperatives, 1 STP Coordinator, 7 FT's, 120 farms, 170 farmers) and the fact that all the data had to be entered manually into the ALP database, Control Union found that all farms have their Farm Profile sheet duly updated, although some contained incorrect information at the time of the assessment. The form is currently paper-based and we are assessing the possibility to use a more effective electronic tool. DELTAFINA expects to roll out the MobiLeaf handheld device to the three cooperatives during autumn 2016. This will help improve the accuracy of the data collection and farm-by-farm monitoring process conducted by Field Technicians. In order to assess the accuracy of Farm Profile monitoring data, DELTAFINA will conduct unannounced visits during the crop season.*

*In order to improve the farm-by-farm monitoring process, DELTAFINA will increase the number of field visits by Field Technicians from three to at least six visits per farm during the crop season, with 100% of contracted farms to be monitored on all ALP principles. During the first visit (April-May), FTs will collect comprehensive information for the Farm Profile, as a baseline with which to measure subsequent visits. Field technicians will update the Farm Profile data after each visit to ensure that it is precise and accurate, and verify whether there are any issues on the farm. One specific focus of farm visits will be to draw attention to CU's recommendations on the principles relating to income, working hours and safe working environment."*

## 3.5 Prompt Actions

PMI defines a Prompt Action as:

*"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."* (Source: PMI, 2011)

Another Phase 1 requirement is to identify and address Prompt Actions found at the farms contracted to supply tobacco to DELTAFINA. Any Prompt Action should be reported immediately to the ALP Country Team leader, who should then provide guidance on how to address the issue or escalate it within the organization.

### 3.5.1 Prompt Action reporting mechanism

In the 2014/2015 crop season, 44 Prompt Actions were identified, all of which related to safe work environment. All those involved in the reporting of Prompt Actions were aware of the reporting procedure. Field technicians had written documentation on identifying Prompt Actions and the procedures to be followed. This documentation also included specific examples of situations at the farm that were considered to be Prompt Actions. The template for reporting Prompt Actions was clear and easy to understand.



### 3.5.2 Understanding Prompt Actions

All field technicians understood a Prompt Action as an activity or situation that had to be immediately addressed, but only one of them could mention the definition mentioned above. The other four field technicians considered a Prompt Action as any situation not meeting the ALP Code.

### 3.5.3 Addressing Prompt Actions

When observing a Prompt Action situation, Field Technicians were expected to explain the danger involved to the farmer, family members and/or workers; then complete the Prompt Action form and submit it to the ALP country coordinator. The ALP country coordinator would then visit the involved farm to talk with the farmer about the Prompt Action and find a solution to solve the situation. The field technicians followed up with the farmer, but with no specific deadline. The Prompt Action was meant to be resolved before the next field visit. From the four Prompt Actions verified by CU, all farmers were aware of the Prompt Action being reported and resolved.

*DELTAFINA response: "DELTAFINA will work with field technicians to improve their understanding and capability to distinguish Prompt Actions from other situations not meeting the ALP Code, through the following actions:*

- a) Discuss the definition of Prompt Action and the reporting procedure in detail during the refresher meetings with field technicians.*
- b) Compile a new Prompt Action List to be distributed to field technicians during the 2016 crop season. All relevant documents, including the brochure, and the PPE kit will be distributed as soon as DELTAFINA signs the contract with IBERTABACO in April 2016.*
- c) Before the 2016 season starts in April, additional refresher training will be given to the FTs about Prompt Actions, which will include several examples of different situations on the farm that should be considered Prompt Action or situations not meeting the ALP Code Standards. The refresher training will also include the analysis of Prompt Actions reported in 2015 to help FTs differentiate issues on the farm and how to record them properly.*

*In case a FT from any of the cooperatives observes any Prompt Action situation on a farm, he is required to agree with the farmer on an improvement plan to resolve the situation, as well as to record and report the situation immediately. After each Prompt Action issue, the field technician will conduct an unannounced visit to verify whether the issue is still happening and to follow-up on the improvement plan agreed with the farmer.*

*In the event that a farmer does not satisfactorily resolve a Prompt Action issue, consideration will be given as to what further action should be taken in response thereto. Any such, consideration will need to take account of all the surrounding circumstances."*

## 4. Assessment of the current status of Phase 2 of the ALP Program



THIRD PARTY ASSESSMENT

DELTAFINA

Extremadura Region, Spain

AGRICULTURAL LABOR PRACTICES PROGRAM

This chapter describes DELTAFINA's implementation of Phase 2 of the ALP Program. As DELTAFINA had only recently initiated Phase 2, certain requirements were not completed. These included improvement plans for every farm, regular assessments and plans for addressing widespread issues as these were still in the pilot phase.

When PMI makes the decision that a country is ready, the relevant organizations are introduced to Phase 2. This does not necessarily mean that all Phase 1 requirements have been achieved.

As part of this PMI provides training to the ALP Country Team, which includes:

- 1) Preparation of the ALP Country Team to train staff to systematically monitor labor practices on farms;
- 2) ALP status update;
- 3) Introduction to Phase 2;
- 4) General approach for monitoring before, during and after a farm visit; and
- 5) Next steps and planning for the upcoming season.

#### **4.1 Monitoring of labor practices farm by farm**

In Phase 2, PMI expects that monitoring of labor practices on individual farms has started and that at least two ALP Code Principles have been selected to focus efforts in year one. Afterwards, a review will take place and PMI and the leaf tobacco supplier will analyse if the implementation system is ready for monitoring all ALP Code Principles and Measurable Standards.

##### 4.1.1 Selection of issues

DELTAFINA selected several issues that were considered widespread and/or systemic based on: Farm Profile analysis, Prompt Actions and personnel experience in the field. In the tobacco sector of this region, the most widespread issues were usage of PPE/protective clothing and untidy conditions at the farm.

##### 4.1.2 Mechanism for monitoring

Despite the abovementioned selection, DELTAFINA started in 2014 with monitoring all ALP Code Principles in all the contracted farms. As with the procedure for Farm Profiles, DELTAFINA had developed a monitoring form to simplify the monitoring at the farm, but was requested by PMI Regional to use the PMI global template for monitoring, resulting in additional administration for field technicians.

At the time of the assessment the 2015 monitoring was still ongoing. Every time the ALP country coordinator and the field technicians visited a farm all seven principles were monitored and a paper monitoring sheet was filled in. At the time of the assessment, the company was developing a digital monitoring system which will also be part of the Mobileaf project.

Of the total 13 farms assessed by CU, seven (54% of the assessed farms) were already monitored in 2015.

DELTAFINA response: *“DELTAFINA moved to Phase 2 of the implementation of the ALP Program in 2014, following a joint evaluation of its efforts with Philip Morris International. The second phase of the ALP Program required DELTAFINA to put in place farm-by-farm monitoring conducted through several visits (i) by field technicians to all contracted farms; and (ii) visits supervised by the program coordinator. FT’s refresher sessions will be organized each year on a monthly base, focusing on prioritized principles. At the end of refresher sessions, the effectiveness of the training will be evaluated by conducting tests for the FT’s.*

*Once the contracts have been signed with farmers, ALP Program team meetings will be held with field technicians on a monthly basis during the crop year to enhance and improve the knowledge of the ALP Code and to refresh the weakest aspects such as: Prompt Action understandings/knowledge and the escalation process; hazardous tasks, and local legislation regarding labor rights and employment conditions.”*

## 4.2 Addressing widespread and/or systemic issues

Phase 2 requires the investigation of the root causes of various issues identified during the implementation of the ALP Program. The diverse issues were both identified and addressed under the ALP Program with two distinct but complementary approaches. First, initiatives were implemented to mitigate specific risks and improve the overall rural living conditions of contracted farms. Second, other initiatives involving the relevant stakeholders, including projects sponsored by the PMI Contributions department, addressed those problems identified at the community level.

### 4.2.1 Investigation of root causes

Based on analyses conducted on Farm Profiles, meetings with the farmers, irregularities reported during farm visits, Prompt Action analysis, a risk assessment performed in 2014, DELTAFINA identified different root causes for the aforementioned widespread and/or systemic issue related to safe work environment. Many farmers and workers were unaware of the measures that should be taken when applying CPA, or harvesting, or managing tobacco. In many cases the farmers knew that they had to wear PPE, but not what the complete equipment consisted of.

### 4.2.2 Initiatives to address widespread and/or systemic issues

At the time of the assessment, DELTAFINA was distributing a complete set of PPE which included: CPA application mask, breathing mask with filters, hooded overall, goggles and latex-neoprene gloves.

Participation rates and additional insights regarding this initiative can be found in chapter 5.5.2.

## 4.3 Support mechanism

Support mechanisms are programs that seek to facilitate workers in accessing information and getting support in difficult situations, and also support workers and farmers in mediating disputes.

Although DELTAFINA did not promote a support mechanism among farmers and workers, CU assessed if the workers and farmers had knowledge of where they could get legal information when mediating disputes.

When farmers were asked about the sources from which they could obtain such legal information, eight of them (62%) gave at least one example. The farmers' responses are summarised below:

Information source	Farmers
Administration office	4 (50%)
Union	3 (38%)
Government	1 (13%)

## 5. Farm level assessment of ALP Code standards



THIRD PARTY ASSESSMENT

DELTAFINA

Extremadura Region, Spain

AGRICULTURAL LABOR PRACTICES PROGRAM



Chapter 5 summarizes the field assessment of the current status of the ALP implementation. At the time of the assessment, DELTAFINA was in the third year of implementing Phase 1 and the first year of implementing Phase 2 of the ALP Program. It was expected to engage directly with farmers to address situations not meeting the ALP Code standards. As DELTAFINA had just initiated Phase 2, this farm assessment should be viewed as a baseline to support the further implementation of Phase 2.

Before presenting the findings, it is important to clarify the structure of the ALP Code as this determines CU's analysis of farmers' practices. The ALP Code has seven ALP Code Principles, each with several 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 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. Each chapter covers one of the seven ALP Code Principles and CU's findings. Risks, situations that may lead to problems in the future or about which a conclusion cannot be reached due to lack of evidence, are also discussed.

## 5.1 ALP Code Principle 1: Child labor

### **Background**

Minimum age regulations: According to the Spanish Statute of Workers (*Estatuto de los trabajadores*) the legal minimum working age in Spain is 16 years old.

It is compulsory to attend school from 6 to 16, although children have the right to attend until they are 18 years old. According to the Statute of Workers (*Estatuto de los trabajadores*), children between 16 and 18 years of age will not perform "those activities or jobs which the Government, at the proposal of the Ministry of Labour and Social Security, in consultation with the most representative trade unions are consider to be unhealthy, arduous, harmful or dangerous both for their health and for their professional and personal development. In addition, the Decree from 26<sup>th</sup> of July 1957 establishes the activities that are banned for children between 16 and 18 years old.

ALP Code versus Spanish law: Regarding the minimum working age, the Spanish law prevails as it sets a higher minimum age than the ALP Code (15 years old).

### **Child labor: Overall findings and challenges**

#### 5.1.1 Prevalence of children working

CU found no evidence of farmers employing children below 16 years old, nor children under 13 working on the farm, nor children from the ages of 13 to 16 years old doing work that is not considered light.

### **ALP Code Principle 1**

#### **Child labor**

'There shall be no child labor.'

### 5.1.2 Awareness of legal minimum working age

The level of awareness of the legal minimum working age among farmers and workers was high in the assessed farms: all farmers were aware and in five farms (71%) the workers were also aware of the minimum working age.

#### ***Child labor: Risks***

### 5.1.3 Awareness of hazardous work

The majority of the farmers (9 farms or 69%) and the workers at four farms (50%) were aware of the meaning of "hazardous activities".

### 5.1.4 Age verification

All farmers verified the age of the workers at the time of contracting. In order to fully understand the contracting process, it is important to explain the importance of the administration offices<sup>11</sup>, as they play a key role in the process of hiring and/or registering workers. These offices provide many different services to the farmers, including advice on legal and social laws, registering the payroll, work and residence permits, while working under a strict control of the National Labor Ministry. By using these administration offices for hiring and managing payment to employees, the farmers ensure compliance with the legal requirements for employment.

### 5.1.5 Child supervision

In two farms (15%) the farmers declared that their children could walk around the production areas without supervision.

#### ***Child labor: Analysis and Priorities***

CU found no evidence of child labor, or children between 13 and 16 years old carrying out hazardous activities in the assessed farms. This finding is aligned with the fact that all the farmers demonstrated awareness of the minimum working age and verified the age of workers at the time of contracting.

Regarding the workers' knowledge of the minimum employment age, activities that children between 13 and 16 years old could perform and the understanding of farmers and workers in regards to hazardous activities, there is still room for improvement. DELTAFINA's challenge will be to find the best way to increase the awareness of farmers and workers.

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<sup>11</sup> "Gestorias" in Spanish.

DELTAFINA response: "DELTAFINA believes that there is still room for improvement in farmers' and workers' understanding in order to prevent the risk of having children below 18 years old involved in hazardous activities. DELTAFINA will highlight this information by including an updated list of hazardous tasks in the new 2016 brochure. This brochure will be distributed to all contract farmers each year, with the contents being discussed and the farmer asked to sign a list confirming his receipt of same."

## 5.2 ALP Code Principle 2: Income and work hours

### Background

Minimum salary regulations: According to the 2013 *Extremadura Collective Bargaining Agreement*, the legal minimum wage for permanent agricultural worker is € 699.08 per month and € 37.77 per day for temporary workers.<sup>12</sup> Independent of the type of employment, salaries or wages must be paid at least on a monthly basis. Piece work is allowed, so is payment in kind, as long as it does not exceed 30% of the total salary. End of season payments are not allowed.

Working hours regulations: According to *Article 12* from the *Extremadura Collective Bargaining*:

- Maximum working hours: 1,768 working hours per year composed of 39 hours a week, with a maximum of 9 working hours per day. Workers must have 12 hours of rest between each working day.

Regulations for children between 16 and 18 years old: It is not allowed for children aged between 16 and 18 to work at night,<sup>13</sup> or to work overtime. Furthermore, they must receive the same salary as other workers when performing the same tasks.

Night shifts: *Article 33* from the *Extremadura Collective Bargaining Agreement* declares that wages for work performed between 10pm and 6am shall pay the employee an extra 25%. No employee can do night shifts for more than 2 weeks in a row (except in cases where the employer offers this to employees on a voluntary basis). Personnel contracted for night shifts will receive 15% bonus as recompense.

<sup>12</sup> Temporary workers are those that provide their services for a certain number of days per year, per month or per week, or for a specified number of hours, respectively, below two-thirds of those considered normal in the activity in question in the same period of time and work up to 6.5 hours per day

<sup>13</sup> Overnight work is considered to be that carried out between 10 pm and 6 am.

### 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

Overtime hour's regulations: Article 38 from the *Extremadura Collective Bargaining Agreement* recommends that given the current unemployment situation, and in order to foster a supportive social policy promoting job creation, overtime hours be suspended. In any case, overtime hours will be paid with a surcharge of 75% on the first two hours, and 100% extra for the following hours. Hours worked on Sundays and public holidays will be paid at 100% on top of the regular salary. Also, the realization of these hours will be communicated to the labor authority and entered into the payroll. Furthermore, according to the *Workers Statute*, a limit of 80 overtime hours will be set per year.

Benefits regulations: In accordance with the *Extremadura Collective Bargaining Agreement* worker benefits include a holiday period of at least 30 calendar days, assistance for loss of family members, help in case of disease or accident, periodic salary revisions, specific break periods per week, maternity and paternity leave, transport allowance when applicable, housing where applicable, reduction of working hours for parents, special holidays after marriage, social security, public health care and pensions.

### ***Income and work hours: Overall findings and challenges***

#### **5.2.1 Minimum salary and payment schedule**

All farmers were paid at least the minimum wage as per the collective bargaining agreement and in accordance with the local legal pay schedule. In one farm (14%) the worker was not aware of the payment schedules. The table below sets out the payment schedule for workers on the assessed farms.

Payment Schedule		
Daily	Weekly	Monthly
6 farmers	1 farmer	4 farmers

Regarding the type of employment: six farmers hiring workers (54%) declared that they pay on a daily basis, one (9%) declare he pay on a weekly basis and four (36%) declared they pay on a monthly basis. Additionally, six farmers (54%) explained they pay per hour, three (27%) per day and six (54%) pay for piece work (loading curing barns and driving harvesting machines). The table below sets out the respective rates of pay.

Payment Rates		
Per Hour	Daily	Piece Work
€ 6.60	€ 40	€ 70 (per harvested plot) <sup>14</sup>
€ 6.50	€ 37.77	€ 70 (per harvested plot)
€ 6.10	€ 37.77	€ 65 (per harvested plot)
€ 6.00		€ 37 (per loaded barn) <sup>15</sup>
€ 6.00		€ 37 (per loaded barn)
€ 5.87		€ 36 (per loaded barn)

<sup>14</sup> Wages were paid on a daily basis. All drivers of harvesting machines declared that it took between 7 and 8 hours to harvest a tobacco field.

<sup>15</sup> Four to five hours are needed to load a curing barn.

At one farm (8%) the farmer had a sharecropping arrangement in which the sharecropper provided manpower, while the farmer provided the fertilizer, the CPAs and the curing barns. At the end of the season both parties would share the production income based on a percentage arranged beforehand.

#### 5.2.2 Regular and overtime hours

In one farm (9%) the worker declared that he worked more than 39 hours per week. In the rest of the farms, the working hours were in compliance with the law.

Regarding overtime hours, CU found no evidence of involuntary working hours. However, in eight farms (73%) the farmers were not aware of the legal requirements regarding overtime pay. Also, none of the workers were aware of the legal overtime pay rate.

#### 5.2.3 Legal benefits

In all the farms, workers were provided with the benefits, leave and holidays to which they were entitled by law. However, five interviewed farmers (45%) and workers at three farms (30%), were not aware of the benefits, leave and holidays to which workers were entitled by law. Farmers used administration offices to ensure that all workers received the benefits, leave and holidays to which they were entitled by law.

#### 5.2.4 Awareness of legal minimum wage

All assessed farmers were aware of the legal minimum wage, but in five farms (50%) the workers were not aware of the legal minimum salary wage.

#### 5.2.5 Awareness of legal working hours

While all farmers were aware of the maximum legal working hours, on five farms (50%) the workers were not.

### ***Income and work hours: Risks***

#### 5.2.6 Record keeping and pay slips

All farmers in the assessed region kept records of working hours, and days/tasks completed, and provided pay slips to the workers.

#### 5.2.7 Exchange of labor

The practice of exchanging labor normally involved two or more parties that exchanged the same type of work and/or for the same amount of time. Two interviewed farmers (15%) declared that they exchanged labor during the harvesting season. In both cases it was a group of farmers buying a harvester and sharing the maintenance costs. Another farmer (8%) stated that he exchanged labor for almost every stage of production with his brother.

### ***Income and work hours: Analysis and Priorities***

The recommendation of the *Extremadura Collective Bargaining Agreement* to hire more workers instead of working more hours seems to have had an effect on the farms as no evidence was found of excessive working hours. While all farmers were aware of the legal working hours, DELTAFINA should increase the level of awareness on this topic among workers. Additionally, workers need more information on the legal overtime rate and the legal minimum wage.

DELTAFINA response: *"In Spain, and in particular in the region of Extremadura, the minimum wage is set in a collective bargaining process that has a three-year validity. The previous agreement was in force between 2013 and 2015. In 2016, a new agreement will be negotiated for the following three years. DELTAFINA will follow this process closely in order to communicate the new minimum wage to both field technicians and farmers in a timely manner. Once the new agreement is in place we will modify our leaflets and communicate the details to the farmers and workers."*

*"...DELTAFINA will inform all farmers and distribute brochures and posters (listing the applicable requirements) to clarify and reinforce these key points about the obligations of farmers towards their workers (e.g. basic conditions of employment, minimum wage, working hours, legal requirements for extra hours, remuneration for paid holiday and overtime). In an effort to provide training to all contracted farmers during crop 2016, two training meetings with farmers are planned for February and June/July, to be conducted by the Country ALP committee. In order to refresh their knowledge, DELTAFINA/IBERTABACO will organize meetings and face to face discussions with FTs during the season. Four specific leaflets will be available before transplanting and delivered by the Cooperatives' FTs to farmers. The Cooperatives will ask farmers to distribute the leaflets to their workers. DELTAFINA will conduct unannounced visits throughout the crop season to check whether the information is reaching the workers."*

## **5.3 ALP Code Principle 3: Fair treatment**

### ***Background***

Regulations: The 2007 Spanish Act on Equal Opportunities between Men and Women establishes a full legal framework to prevent any type of discrimination and/or harassment at work. Companies are required to approve and implement equal opportunities programs, in order to ensure an appropriate working environment free from discrimination and/or harassment. Employees may claim damages in court for cases of discrimination and/or harassment. Additionally, any physical aggression is considered a criminal offence, as per the *Spanish Criminal Code*, with severe penalties. The law prohibits recruitment fees being paid by candidates or employees. Third party recruiters for temporary employees have specific regulations for their role.

### **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.'*

### ***Fair treatment: Overall findings and challenges***

#### **5.3.1 Fair treatment**

No evidence was found of sexual, verbal or physical abuse or harassment.

#### **5.3.2 Communication with workers**

No evidence was found of workers not being able to communicate with farmers, or sharecroppers, to file potential grievances. Nevertheless, some farmers declared that they hired foreign workers (who barely speak the farmer's language) to grow and harvest other crops like pepper, implying there is a potential risk of workers not being able to file potential grievances in the tobacco production.

### ***Fair treatment: Analysis and Priorities***

Despite the fact that no evidence was found of unfair treatment, it is crucial that farmers can communicate with their workers. This proved to be a challenge as a significant percentage of the assessed workers were not native Spanish speakers (see 2.6). Therefore, it is important to ensure assistance is provided to farmers who contract foreign workers to ensure they can communicate with each other.

*DELTAFINA response: "DELTAFINA recognizes the importance of conveying to farmers the need to communicate to their workers about legal labour rights and employment conditions. If there are any language or rights problems, several professionals are available in the tobacco growing area from the national and regional unions (UGT) and other governmental offices (CEPAMIN and ADHEX) who can advise workers in their native language on the relevant legislation and information regarding their rights. In Spain, before they find a legal job, immigrants receive a salary (an allowance?) to participate in a language course paid for by the governmental authority. DELTAFINA and IBERTABACO each monitor compliance with the local and national laws and have not observed any violations in recent years.*

*DELTAFINA will continue engaging with the Workers' Union to communicate ALP. As of 2016, DELTAFINA will encourage the Workers Union to be more involved in sharing the new information on ALP and issuing bulletins regarding workers' rights to be distributed with communication materials and discussed during visits and meetings at the farmer and worker level.*

*Leaflets in Spanish will be used to inform workers about their rights as well the resources available in case they require further information about their labor rights, need additional support, or wish to raise a concern, by either (i) submitting a claim/suggestion via the IBERTABACO web page, or (ii) contacting the legal services of the Worker Unions. These options are available to anyone who needs to file a complaint or needs legal clarification. This support is also provided by the local "Gestoria" office for employment."*



## 5.4 ALP Code Principle 4: Forced labor

### **Background**

Regulations: According to Articles 311, 312 and 313 from the Spanish Penal Code forced, compulsory or prison labor are prohibited.

### **Forced labor: Overall findings and challenges**

### **ALP Code Principle 4**

#### **Forced labor**

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

#### 5.4.1 No evidence of workers unable to leave their job

All of the workers interviewed stated they were free to leave their employment with reasonable notice. In addition, all workers declared that they had not been required to make any financial deposits or relinquish their original identity card or travel documents. Also, no evidence was found of payments withheld beyond legal or agreed payment conditions.

### **Forced labor: Risks**

#### 5.4.2 Financial problems among farmers

Two farmers (25%) declared that they have had occasional financial problems at the end of the harvest, leading to an inability to pay their workers at the time agreed at the beginning of the contract. However, in both cases the payment schedule was still within the legal maximum period according to the local legislation.

#### 5.4.3 Resignation procedure

In five farms (71%), the workers were unaware of the resignation procedure and notice period they needed to give the farmer before leaving.

### **Forced labor: Analysis and Priorities**

The findings indicate that the risk of forced labor is very low in this market. However, further investigation of the root causes of financial instability among farmers and potential need for assistance is required as this has resulted in several cases of workers not being paid within the agreed timeframe.

DELTAFINA response: "In order to mitigate the risks of forced labor DELTAFINA will:

- Continue monitoring farmers' financial conditions to further assess their ability to pay workers. It should be noted that all the farmers who are members of the Cooperative use its financial services and so the payment of the workers is automatic with the service of the employment office "Gestoria" used by all the farmers.
- Provide leaflets in Spanish to all the farmers (referred to in section 3 above) with the requirement that these be distributed to their workers, who must sign an acknowledgement of receipt to ensure that workers are made aware of their rights.
- ALP country team to conduct 20 to 25 unannounced visits to verify that leaflets have been distributed to the workers."



## 5.5 ALP Code Principle 5: Safe work environment

### Background

Regulations: As per *Article 41* from the *Extremadura Collective Bargaining Agreement*, if provided, housing should comply with decent living conditions, both for the worker and for his family, if applicable. *Article 45* from *Extremadura Collective Bargaining Agreement* states that the employer, on a yearly basis, must provide their employees with: a raincoat, one pair of waterproof boots, one pair of working boots and an overall. *Article 47* from *Extremadura Collective Bargaining Agreement* also includes the farmers' obligation to provide the workers a safe working environment, including: machinery in good shape, safe working areas and washing facilities. Regarding empty CPA containers, the *Royal Decree 41* establishes the obligation for the farmer to: triple rinse containers, pouring the resulting water into a specific tank prepared for that and to store the containers in a closed bag for subsequent transport to a collection point. Regarding CPA application, all personnel in charge of this must have the corresponding application permit, issued by the Ministry of Agriculture, Food and Environment.

### 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.'

### Safe work environment: Overall findings and challenges

#### 5.5.1 Training and awareness of Green Tobacco Sickness (GTS)

At seven farms (64%), persons who handled green tobacco declared that they had received training on the avoidance of GTS. However, when asked to describe the symptoms of GTS, the workers at four farms (57%) were unaware and associated those symptoms with other causes. In the case of the interviewed farmers, all could relate the symptoms to GTS. While on eight of the farms visited (62%) the harvest was mechanized, for the rest those charged with handling green tobacco used one or more types of protective clothing (see table below).

Equipment used by people harvesting tobacco at the farm	Farms
Full equipment <sup>16</sup>	3 (60%)
Long pants + boots	2 (40%)

<sup>16</sup> Full equipment: gloves, long pants and long sleeves, boots and raingear.

DELTAFINA response: “DELTAFINA with IBERTABACO will distribute the following materials after contracting in April 2016:

- PPE kit to 100% of the farmers and in some cases more than one per farm
- GTS poster in Spanish to 100% of the farmers

During the field visits conducted by the FTs and the ALP country team we will monitor the level of understanding of the farmers and workers about the GTS. During the face to face meeting with the farmer, the ALP Country team will also train the farmer on GTS.”

### 5.5.2 CPA handling and training

In all the farms visited the persons responsible for applying CPA were trained. On 11 farms (85%) there were persons handling CPAs that declared that they had never received the training in CPA handling.

Equipment used by people applying CPA at the farm	Farms <sup>17</sup>
Full equipment <sup>18</sup>	10 (77%)
Overall + boots+ gloves	1 (7%)
Mask + boots + gloves	1 (7%)
Mask + gloves	1 (7%)

### Initiative to address safe work environment for application of CPA

- Distribution of CPA application kit: Since the beginning of the ALP implementation, DELTAFINA’s target was to distribute a CPA application kit to 100% of the contracted farmers. All visited farmers declared that they had received the CPA application kit from DELTAFINA and 10 of them (83%) considered this initiative useful for improving the safe work environment at the farm.
- Re-entry period: At the beginning of 2015, the company distributed to farmers a list with the names, active ingredients and re-entry periods for the most common CPAs used for tobacco farming in Spain.

DELTAFINA response:

- “To organize training courses for those workers who do not already have the basic license to apply CPAs.
- IBERTABACO will request their members to only hire people who have a license.

<sup>17</sup> Percentages indicate the type of protective equipment used in the assessed farms.

<sup>18</sup> Full equipment includes: overall or long sleeves and long pants, boots, gloves and mask.

- *To put in place a prompt action procedure for those farms where workers were found applying CPAs without a license.*

*In addition, DELTAFINA and IBERTABACO will check the correct chemical and protective equipment usage at farm level through unannounced visits."*

*"At the beginning of 2015, DELTAFINA distributed to farmers a list with the names of active ingredients and re-entry periods for the most common CPAs used for tobacco farming in Spain. In April 2016, after signing the contracts, DELTAFINA will distribute to all farmers a brochure with the new approved CPA list and corresponding re-entry periods as well as the correct CPA storage procedure. All farmers will be informed about the importance of respecting the re-entry period through refresher training sessions.*

*A new poster will be designed with danger signs as a warning after phytosanitary treatments, to ensure that the re-entry period is respected on the farm. These materials will be distributed at the end of the transplanting period to all farmers, between May and June 2016.*

*During the farmers' training, DELTAFINA and IBERTABACO will focus on this finding and distribute the new warning poster to be placed in the field after treatment."*

*"FTs will continue to verify records and support farmers to keep appropriate records for each CPA application. Such records must, in any event, be kept in order for farmers to qualify for an agricultural environment subsidy."*

### 5.5.3 Clean drinking and washing water

Washing and drinking water was available in working areas at 10 farms (77%). For the other farms there was a lack of places or access to drinking and/or washing water.

### 5.5.4 Re-entry period

Nine interviewed farmers (75%) did not take any precautions to ensure that the re-entry period after CPA application was respected.

### 5.5.5 CPA storage and final disposal

Three farmers (23%) did not have a locked and closed CPA storage, but all of the farmers discarded their empty CPA containers correctly.

### 5.5.6 Safe and sanitary environment

In four farms (31%), the farmers did not provide a safe and sanitary environment due to:

- Lack of washing facilities in the working areas
- CPA being stored in incorrect conditions
- PPE & raincoat stored next to the CPAs
- CPA and mineral oil spills were observed in several places around the work environment

### **Safe work environment: Risks**

#### **5.5.7 General safety measures**

To ensure a safe and sanitary work environment for both family members and workers, it is important that farmers are aware of the general safety hazards at the farm and should take measures to prevent accidents, injury and exposure to health risks.

First aid kits available to workers were found in 11 farms (85%); all those working at the assessed farms received first aid training.

In four farms (57%) the workers were unaware of the safety hazards on the farm. When asked about recording the application of CPAs, three farmers (25%) said that they did not keep such records.

On all the farms transportation was available in case of an emergency, but on one farm (14%) a worker claimed that he did not know what to do if such an emergency occurred.

### **Safe work environment: Analysis and Priorities**

DELTAFINA prioritized this ALP Code Principle in its ALP communications, initiatives and training with the farmers and field technicians. These efforts were reflected in the field as the majority of farmers and workers used full protective equipment, both for harvesting and applying CPA. However, lack of awareness on GTS among workers, not respecting re-entry times and insufficient training for persons handling CPA still pose safety risks on the farms. The fact that mechanization reduces the risks of GTS is positive, but workers should still be informed about its existence and the means to avoid GTS. Therefore, additional efforts are required from DELTAFINA to further improve farm safety.

*DELTAFINA response: "DELTAFINA will increase the number of farm visits conducted by the FT from three to six. Safety on farms will be a priority area of attention for FTs.*

*After the remarks on general safety reported by Control Union, we will raise awareness so it translates into daily practice. To do this DELTAFINA will train its field technicians so they build their own skills and capabilities to promote the required change of behavior.*

*In addition, user friendly brochures will be distributed to farmers and workers which integrate the essential safety requirements established by law and PMI's ALP Code Standards."*

## 5.6 ALP Code Principle 6: Freedom of association

### **Background**

Regulations: The *Spanish Constitution* recognizes the right of workers to associate, to join unions and to go on strike.

### **Freedom of association: Overall findings and challenges**

#### 5.6.1 Workers' right to freedom of association

No evidence was found of farmers disrespecting workers' right to freedom of association, or to join/form labor unions, or of worker representatives being discriminated against in any of the assessed farms.

### **Freedom of association: Risks**

#### 5.6.2 Awareness of freedom of association

One farmer (10%) and two workers (33%) were not aware of the workers' right to freedom of association. The workers, who were not aware of this right, were migrant laborers who worked on the farm for up to three months during the tobacco harvest. Depending on their needs they declared that they stay in Spain for a few more months to work on other farms growing peppers before returning home.

Three farmers (33%) and two workers (33%) were not aware of the labor unions present in the area. One of those farmers hired migrant workers and one of the two workers was a migrant worker.

In one assessed farm (7%), the workers were actively participating in labor unions.

### **Freedom of association: Analysis and Priorities**

Although no evidence was found of farmers disrespecting the workers' right to freedom of association, a risk exists where workers and farmers were unaware of this right and/or the active labor unions operating in the area. The risk is greater for migrant workers as they could be more vulnerable to exploitation if not informed of their worker rights.

DELTAFINA has not prioritized this principle although it clearly requires additional attention to ensure that all workers are informed and aware of their right to freedom of association and the labor unions active in the region.

DELTAFINA response: "DELTAFINA will continue to communicate with farmers on this topic to inform them of their obligations and responsibilities as employers, as well as the need to inform the workers of their rights, including those related to the freedom of association."

### **ALP Code Principle 6**

#### **Freedom of association**

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

## 5.7 ALP Code Principle 7: Compliance with the law

### **Background**

Regulations: In accordance with the *Article 21* from the *Extremadura Collective Bargaining Agreement* employment agreements exceeding one month duration must be in writing.

### **Compliance with the law: Overall findings and challenges**

#### 5.7.1 Information on legal rights

In six farms (55%), the workers were not fully informed about their legal rights and employment conditions. These farmers only generally informed them about their salary and tasks to be performed.

#### 5.7.2 Employment contracts

In all the assessed farms the terms and conditions of the employment agreement were aligned with the country's law. All farmers had entered into a written employment contract with their workers.

### **Compliance with the law: Analysis and Priorities**

Using the local administration offices to manage all employment aspects at the farm is an effective way to ensure that employment agreements and conditions comply with the law. However, the fact that none of the farmers properly informed their workers of their legal rights and employment conditions indicated that there is a need for additional support from DELTAFINA in this respect.

DELTAFINA response: *"In the farmer refresher meetings between DELTAFINA, IBERTABACO and the farmers, which will be held twice a year (at the beginning and during the season) we will stress the importance of compliance with the law. Together with Gestoria, DELTAFINA and IBERTABACO are aware of the importance to combine these ALP messages.*

*DELTAFINA with IBERTABACO plan to produce a new poster/leaflet to be displayed on all farms. This will set out workers' rights, translated in their native language if deemed necessary. If there are language problems, the workers' union will provide an office to help workers improve their understanding. The 20 to 25 unannounced visit conducted by the ALP country team will be used to check if farmers have distributed the leaflets to their workers."*

### **ALP Code Principle 7**

#### **Compliance with the law**

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

## 6. Concluding remarks



THIRD PARTY ASSESSMENT

DELTAFINA

Extremadura Region, Spain

AGRICULTURAL LABOR PRACTICES PROGRAM



Since the initial implementation of the ALP Program in 2011 up to the time of this assessment in September 2015, DELTAFINA has made positive progress in the implementation of the ALP Code. A permanent position was created within the company in order to follow up on the implementation of the ALP Program. As to the rest of the team, all relevant personnel were trained and it is safe to say that employees from different levels of the organization were engaged with the program. Cooperative Managing Directors and field technicians were regularly updated and trained, and farmers received frequent messages on ALP.

DELTAFINA implemented several strategies to obtain as much information as possible from its network of farmers. Farm Profiles were completed and analysed to identify the main issues so they could investigate root causes. The ALP coordinator accompanied the field technicians when visiting the farmers in order to get a better insight of the situation at the farms. Additionally this external assessment was undertaken which can be used as an important tool when evaluating producers, the total workforce and the overall ALP implementation.

Concerning Phase 2, the company started working on the implementation of initiatives to tackle the issue regarding safe working conditions (an issue that was identified during the implementation of Phase 1) and income and work hours (an issue identified after the last PMI Regional visit to the farms), as well as on constant monitoring of the seven ALP Code Principles.

However, some challenges still remain. Firstly, it is necessary to continue working and training the team to ensure that all relevant parties are engaged and committed to the program. Secondly, it should not be taken for granted that the law is controlling all aspects of the ALP Program; additional information for workers on legal rights is required, especially since a significant percentage of the workers are not Spanish and are not fully informed about the local law. Thirdly, it is necessary to continue working on the principles that have been identified as needing improvement in this external assessment by CU (e.g. overtime hours, legal aspects when hiring workers, etc.). Fourthly, one or more support mechanisms should be identified and promoted to ensure that workers can report potential problems. Fifthly, the procedures for obtaining information for Farm Profiles and monitoring labor practices could be more efficiently organized to reduce the administrative burden of field technicians. Finally, efforts to communicate the ALP Code Principles to workers should be more focused and translated in the workers' native language to ensure a full understanding.



## Appendices



THIRD PARTY ASSESSMENT

DELTAFINA

Extremadura Region, Spain

AGRICULTURAL LABOR PRACTICES PROGRAM

## Appendix 1. DELTAFINA response and ALP Program action plan

DELTAFINA welcomes Control Union's (CU) report following the evaluation of the implementation of the Agricultural Labor Practices (ALP) Program and the assessment of the working conditions in tobacco farms in relation to the ALP Code Principles and Measurable Standards.

Although encouraged by CU's acknowledgement of positive progress in the implementation of the ALP Program, DELTAFINA is mindful of the fact that more work needs to be done and sees the external assessment conducted by CU as an opportunity to strengthen its efforts to achieve safe and fair working conditions in all contracted farms. The following action plan seeks to provide detailed insight into the initiatives which DELTAFINA will put in place to further enhance its capability to deal with the identified issues and address the areas in need of improvement.

DELTAFINA has a new Sustainable Tobacco Program (STP) Coordinator for the execution, implementation and follow-up of the new STP program and who is responsible for the different aspects of STP, including the People Pillar (ALP). Key activities include training of trainers, training of farmers, collecting and analyzing data and overseeing the implementation of the ALP Program.

### **IMPLEMENTATION OF THE ALP PROGRAM**

The Contracting structure for tobacco farmers in Spain is multi-layered and therefore the effective implementation of the ALP Program requires commitment at all levels of the supply chain. DELTAFINA at the top of this structure, together with the second tier cooperative "IBERTABACO" and first tier cooperatives "Tabacoex", "Unagri MD" and "Coolosar", shall lead this process, with the involvement of technicians from the first tier cooperatives and coordinators from IBERTABACO. The strong relationship and commitment of DELTAFINA and IBERTABACO will ensure the successful implementation of the STP.

DELTAFINA and IBERTABACO are planning to organize different group meetings with the farmers at the different crop stages of the season. The first meeting will be held just before signing the contracts for the new crop (2016) to be sure that all farmers are committed to STP requirements. The first scheduled meeting will be in February 2016, and DELTAFINA will explain to all of its contracted farmers the commitments for the coming crop (2016) in terms of the mandatory agronomic programs under ALP and STP. At this point the farmers can decide whether to sign with DELTAFINA or another supplier.

### **STAFF AWARENESS AND ENGAGEMENT**

CU acknowledged a good level of awareness and engagement from DELTAFINA's ALP Steering Committee and Country Team members towards the ALP program. CU also highlighted the proper functioning of the information flow and good training of all the staff. However, CU identified areas for improvement in Field Technicians' knowledge of some of the ALP Code principles, particularly "income and work hours" and "compliance with the law".

In order to address these issues, DELTAFINA will hold several meetings at different levels. The first will be in February then one more after the transplanting in June - July with the participation of:

1. DELTAFINA HQ and IBERTABACO: in order to manage and analyze the current situation and establish an intensive training program for all STP participants.

2. STP Country Team: in order to analyze each cooperative's specific structural and operational circumstances and how they impact the implementation of ALP. In particular, all management and participants to understand the ALP program and the relationship and distinction where applicable, from relevant laws.
3. STP Country Team: in order to refresh FT's knowledge based on CU's findings.
4. Farmers: with the target to meet 100 % of them, provide training to refresh their knowledge and understanding through meetings held twice a year and face to face discussions with FTs during the season. All the meetings will be held in the headquarters of each cooperative.

One meeting will be held before the crop season (February 2016) and at least one other meeting will be held during the growing phase (June 2016). These meetings will be attended by DELTAFINA HQ personnel, the STP country team and all the farmers. The refresher meetings within the Country STP team will take place on a monthly basis, with particular emphasis on the gaps related to the Prompt Action issues, improving their knowledge about the topic and identifying the main areas of concern through the risk assessment.

On a quarterly basis, the Steering committee and the Country STP Team will hold meetings to strengthen the commitment towards the ALP program, clarifying the different tasks (providing guidance on each of the ALP Code principles and measurable standards) and describing the different responsibilities within the local team.

#### **a) COMMITMENT OF COOPERATIVES'S FIELD TECHNICIANS TO ALP PROGRAM**

DELTAFINA moved to Phase 2 of the implementation of the ALP Program in 2014, following a joint evaluation of its efforts with Philip Morris International. The second phase of the ALP Program required DELTAFINA to put in place farm-by-farm monitoring conducted through several visits (i) by field technicians to all contracted farms; and (ii) visits supervised by the program coordinator. FT's refresher sessions will be organized each year on a monthly base, focusing on prioritized principles. At the end of refresher sessions, the effectiveness of the training will be evaluated by conducting tests for the FT's.

Once the contracts have been signed with farmers, ALP Program team meetings will be held with field technicians on a monthly basis during the crop year to enhance and improve the knowledge of the ALP Code and to refresh the weakest aspects such as: Prompt Action understandings/knowledge and the escalation process; hazardous tasks, and local legislation regarding labor rights and employment conditions.

#### **b) COMMUNICATION WITH FARMERS**

DELTAFINA is pleased with the positive results reflected in CU's assessment report regarding both farmers' awareness of the ALP Code (85%) and their understanding of its importance (82%) to improve working conditions on their farms. Together with the farmers that emphasize their good relationship with field technicians (98%), we believe that these results are encouraging and a good indicator of the open communication on ALP.

However, CU notes that there is still room for improvement in terms of the effectiveness of the communication materials. DELTAFINA, in cooperation with IBERTABACO, will update and compile new communication materials aimed at improving farmers' understanding of the ALP Code Principles and their responsibilities. The following communication materials will be prepared by

April 2016 in Spanish (all migrant workers employed by farmers speak fluent Spanish) and distributed to all farms during the first field visits.

- New brochure for Good Agricultural Practices in the field. The 2015 edition of the GAP brochure will be restructured and updated in 2016 taking into account all of the suggestions of CU in respect of the main principals of the ALP Code. The structure of the new edition will be adapted to the STP and the pillars, to facilitate familiarity with the program.
  - New ALP poster with the 7 Principles that will include updated photos (based on Spanish conditions) and a more precise translation.
  - Based on CU recommendations a new poster will be published in 2016 focusing on income and working hours which will highlight minimum wages, working hours and overtime work. All the relevant information materials will be available only in Spanish due the small number of migrant workers and because all of them speak fluent Spanish.
  - An updated leaflet will be provided during 2016 crop for distribution by the farmers to their workers, focusing on workers' rights, which will include the emergency telephone number (112) which workers can call for support. This will address one of the weaknesses detected by CU, concerning the lack of information given to workers.
  - A new brochure will be prepared for the 2016 crop containing a new list of hazardous tasks which must never be performed by minors (no person below 18 is allowed to perform any type of hazardous work). This will include graphics from PMI adapted to the Spanish tobacco crop season. Brochures will be printed for all farmers who will receive the document along with the other informative material. After receiving a copy the farmer will be asked to sign a receipt.
  - A GTS poster with information on how to prevent exposure to green tobacco sickness, how to recognize the symptoms and what workers should do if they experience GTS.
- Update all the principal information and documentation edited by the ALP country team and supervised by the Steering Committee relating to the ALP program on the website: [www.IBERTABACO.com](http://www.IBERTABACO.com). The web page will be updated during the season whenever the ALP local team and the steering committee deem it appropriate and necessary.
- DELTAFINA will conduct unannounced visits which will also check whether the farmers are providing information to workers, including the ALP leaflet. Because at least 10% of the visits will be unannounced this will be equivalent to around 20 to 25 visits for a normal crop season.

### **c) MONITORING AND COLLECTION OF FARM PROFILES**

Despite the complexity of the Spanish organization (DELTAFINA, 3 Cooperatives, 1 STP Coordinator, 7 FT's, 120 farms, 170 farmers) and the fact that all the data had to be entered manually into the ALP database, Control Union found that all farms have their Farm Profile sheet duly updated, although some contained incorrect information at the time of the assessment. The form is currently paper-based and we are assessing the possibility to use a more effective electronic tool. DELTAFINA expects to roll out the MobiLeaf handheld device to the three cooperatives during autumn 2016. This will help improve the accuracy of the data

collection and farm-by-farm monitoring process conducted by Field Technicians. In order to assess the accuracy of Farm Profile monitoring data, DELTAFINA will conduct unannounced visits during the crop season.

In order to improve the farm-by-farm monitoring process, DELTAFINA will increase the number of field visits by Field Technicians from three to at least six visits per farm during the crop season, with 100% of contracted farms to be monitored on all ALP principles.. During the first visit (April-May), FTs will collect comprehensive information for the Farm Profile, as a baseline with which to measure subsequent visits. Field technicians will update the Farm Profile data after each visit to ensure that it is precise and accurate, and verify whether there are any issues on the farm. One specific focus of farm visits will be to draw attention to CU's recommendations on the principles relating to income, working hours and safe working environment.

#### **d) PROMPT ACTION**

The Prompt Action Protocol was reviewed by Control Union and although all field technicians understood a Prompt Action as an activity or situation that needs to be immediately addressed, their understanding about the detailed definition was rather limited.

DELTAFINA will work with field technicians to improve their understanding and capability to distinguish Prompt Actions from other situations not meeting the ALP Code, through the following actions:

- a) Discuss the definition of Prompt Action and the reporting procedure in detail during the refresher meetings with field technicians.
- b) Compile a new Prompt Action List to be distributed to field technicians during the 2016 crop season. All relevant documents, including the brochure, and the PPE kit will be distributed as soon as DELTAFINA signs the contract with IBERTABACO in April 2016.
- c) Before the 2016 season starts in April, additional refresher training will be given to the FTs about Prompt Actions, which will include several examples of different situations on the farm that should be considered Prompt Action or situations not meeting the ALP Code Standards. The refresher training will also include the analysis of Prompt Actions reported in 2015 to help FTs differentiate issues on the farm and how to record them properly.

In case a FT from any of the cooperatives observes any Prompt Action situation on a farm, he is required to agree with the farmer on an improvement plan to resolve the situation, as well as to record and report the situation immediately. After each Prompt Action issue, the field technician will conduct an unannounced visit to verify whether the issue is still happening and to follow-up on the improvement plan agreed with the farmer.

In the event that a farmer does not satisfactorily resolve a Prompt Action issue, consideration will be given as to what further action should be taken in response thereto. Any such, consideration will need to take account of all the surrounding circumstances.

#### **ACTIONS TO ADDRESS FINDINGS RELATED TO THE ALP CODE PRINCIPLES**



DELTAFINA will also take steps to address the risks and issues identified by CU during their farm level assessment in relation to the principles of the ALP Code.

## **1. CHILD LABOUR**

In line with DELTAFINA's previous internal assessments of the conditions on farms, Control Union did not find any evidence of child labor and highlighted the high level of awareness of farmers and workers, particularly regarding the legal minimum working age. However, while the majority of farmers were aware of and understood what constitutes hazardous work, only half of the workers had a good knowledge of the topic. DELTAFINA believes that there is still room for improvement in farmers' and workers' understanding in order to prevent the risk of having children below 18 years old involved in hazardous activities. DELTAFINA will highlight this information by including an updated list of hazardous tasks in the new 2016 brochure. This brochure will be distributed to all contract farmers each year, with the contents being discussed and the farmer asked to sign a list confirming his receipt of same.

## **2. INCOME AND WORKING HOURS**

In line with DELTAFINA's internal information, CU's assessment confirmed that all workers are being paid at least the minimum wage in accordance with the local legal pay schedule. In Spain, and in particular in the region of Extremadura, the minimum wage is set in a collective bargaining process that has a three-year validity. The previous agreement was in force between 2013 and 2015. In 2016, a new agreement will be negotiated for the following three years. DELTAFINA will follow this process closely in order to communicate the new minimum wage to both field technicians and farmers in a timely manner. Once the new agreement is in place we will modify our leaflets and communicate the details to the farmers and workers.

Although all farmers were familiar with the legal working hours and the minimum wage, some workers did not have the same level of awareness for these two topics. In addition, most farmers and workers did not know which benefits the workers were entitled to by law (e.g. vacation), nor the requirements for the payment of overtime.

For this reason, DELTAFINA will inform all farmers and distribute brochures and posters (listing the applicable requirements) to clarify and reinforce these key points about the obligations of farmers towards their workers (e.g. basic conditions of employment, minimum wage, working hours, legal requirements for extra hours, remuneration for paid holiday and overtime). In an effort to provide training to all contracted farmers during crop 2016, two training meetings with farmers are planned for February and June/July, to be conducted by the Country ALP committee. In order to refresh their knowledge, DELTAFINA /IBERTABACO will organize meetings and face to face discussions with FTs during the season. Four specific leaflets will be available before transplanting and delivered by the Cooperatives' FTs to farmers. The Cooperatives will ask farmers to distribute the leaflets to their workers. DELTAFINA will conduct unannounced visits throughout the crop season to check whether the information is reaching the workers.

### 3. FAIR TREATMENT

Although Control Union did not find any evidence of physical, verbal or sexual abuse at any of the farms, it highlighted the need to allow workers to communicate with farmers and, if needed, raise concerns. DELTAFINA agrees with CU that as a significant proportion of migrant workers speak no Spanish, they are a particularly vulnerable group. However, it is important to note that Control Union did not identify any abuse, suggesting that the situation of tobacco workers in Spain is not as precarious as in other sectors.

DELTAFINA recognizes the importance of conveying to farmers the need to communicate to their workers about legal labour rights and employment conditions. If there are any language or rights problems, several professionals are available in the tobacco growing area from the national and regional unions (UGT) and other governmental offices (CEPAMIN and ADHEX) who can advise workers in their native language on the relevant legislation and information regarding their rights. In Spain, before they find a legal job, immigrants receive a salary (an allowance?) to participate in a language course paid for by the governmental authority. DELTAFINA and IBERTABACO each monitor compliance with the local and national laws and have not observed any violations in recent years.

DELTAFINA will continue engaging with the Workers' Union to communicate ALP. As of 2016, DELTAFINA will encourage the Workers Union to be more involved in sharing the new information on ALP and issuing bulletins regarding workers' rights to be distributed with communication materials and discussed during visits and meetings at the farmer and worker level.

Leaflets in Spanish will be used to inform workers about their rights as well the resources available in case they require further information about their labor rights, need additional support, or wish to raise a concern, by either (i) submitting a claim/suggestion via the IBERTABACO web page, or (ii) contacting the legal services of the Worker Unions. These options are available to anyone who needs to file a complaint or needs legal clarification. This support is also provided by the local "Gestoria" office for employment.

### 4. FORCED LABOUR

Control Union found no evidence of forced labor (e.g. financial deposits, retention of original identity documents, or delayed payment beyond the legal and conventional terms). However, CU found that workers are unaware of their rights and of the proper procedure and notice they need to give before leaving the job.

In order to mitigate the risks of forced labor DELTAFINA will:

- Continue monitoring farmers' financial conditions to further assess their ability to pay workers. It should be noted that all the farmers who are members of the Cooperative use its financial services and so the payment of the workers is automatic with the service of the employment office "Gestoria" used by all the farmers.

Provide leaflets in Spanish to all the farmers (referred to in section 3 above) with the requirement that these be distributed to their workers, who must sign an acknowledgement of receipt to ensure that workers are made aware of their rights.

- ALP country team to conduct 20 to 25 unannounced visits to verify that leaflets have been distributed to the workers.

## 5. SAFE WORK ENVIRONMENT

DELTAFINA remains committed to work with contracted farmers in its supply chain, to support them to ensure that everyone working on the farm enjoys a safe work environment. This also means a strong focus on preventive measures and risk mitigation actions.

DELTAFINA will continue to distribute one or more PPE (personal protective equipment) kits to each farm. These kits include glasses, gloves, a face mask with filter and overalls. The PPEs will be available in March/April, 2016 in order that they can be distributed during the first farms visits.

During the refresher sessions with farmers, DELTAFINA and IBERTABACO will emphasize the importance of the safe working environment principle.

### **Crop Protection Agents (CPA): handling, re-entry period and storage:**

According to CU's findings and based on Spanish legislation, every person who handles CPAs must be trained and obtain a license to ensure correct application. In Spanish tobacco farms, only licensed individuals are allowed to apply CPAs. To obtain or renew such a license, individuals must attend a special course and pass a test which is prescribed by law. Such a course is held each year at the premises of IBERTABACO. Based on the legal provisions, and from the course content, all farmers are aware that unlicensed individuals are not allowed to apply CPAs on their farms. By helping to co-ordinate the yearly course, DELTAFINA and IBERTABACO ensure that proper focus is given to this important legal requirement.

- To organize training courses for those workers who do not already have the basic license to apply CPAs.
- IBERTABACO will request their members to only hire people who have a license.
- To put in place a prompt action procedure for those farms where workers were found applying CPAs without a license.

In addition, DELTAFINA and IBERTABACO will check the correct chemical and protective equipment usage at farm level through unannounced visits.

Most of the farmers have a proper storage place for CPAs and are equipped with at least one set of PPE for each farm. It was found that 75% of the assessed farms do not use a specific mechanism to warn of the re-entry period after the application of pesticides in the field.

At the beginning of 2015, DELTAFINA distributed to farmers a list with the names of active ingredients and re-entry periods for the most common CPAs used for tobacco farming in Spain. In April 2016, after signing the contracts, DELTAFINA will distribute to all farmers a brochure with the new approved CPA list and corresponding re-entry periods as well as the correct CPA storage procedure. All farmers will be informed about the importance of respecting the re-entry period through refresher training sessions.

A new poster will be designed with danger signs as a warning after phytosanitary treatments, to ensure that the re-entry period is respected on the farm. These materials will be distributed at the end of the transplanting period to all farmers, between May and June 2016.



During the farmers' training, DELTAFINA and IBERTABACO will focus on this finding and distribute the new warning poster to be placed in the field after treatment.

Although the majority of farmers keep records of CPA application on their farms, there are still 25% who do not. FTs will continue to verify records and support farmers to keep appropriate records for each CPA application. Such records must, in any event, be kept in order for farmers to qualify for an agricultural environment subsidy. This specific agro-environmental support is regulated by the Regional Decree number 9/2016 February 26. The main topics are:

- 6 year agreement by a Farm Plan that includes the surface area and location for each year.
- Minimum rotation: 16.7 % (average of the 6 years' agreement)
- Integrated Production Management.
- Keeping of a field book.
- Agronomic commitments on the usage of limited amounts of N/P/K units.
- Verification of the system by an external company.

All farmers who meet these standards receive a subsidy on a per hectare base.

The availability of such a subsidy serves as an additional incentive for farmers to maintain appropriate CPA records.

#### **Green Tobacco Sickness prevention:**

Concerning green tobacco sickness (GTS), 64% of farms are trained about the risks and security measures to take. Although 100% of the farmers are aware of the risks of GTS when handling green tobacco, not all workers are. DELTAFINA and IBERTABACO will monitor the increase in knowledge of GTS among workers, through farm visits and personal interviews with workers and farmers. Also for this reason, DELTAFINA with IBERTABACO will distribute the following materials after contracting in April 2016:

- PPE kit to 100% of the farmers and in some cases more than one per farm
- GTS poster in Spanish to 100% of the farmers

During the field visits conducted by the FTs and the ALP country team we will monitor the level of understanding of the farmers and workers about the GTS. During the face to face meeting with the farmer, the ALP Country team will also train the farmer on GTS.

#### **General Safety on farms:**

DELTAFINA will increase the number of farm visits conducted by the FT from three to six. Safety on farms will be a priority area of attention for FTs.

After the remarks on general safety reported by Control Union, we will raise awareness so it translates into daily practice. To do this DELTAFINA will train its field technicians so they build their own skills and capabilities to promote the required change of behavior.

In addition, user friendly brochures will be distributed to farmers and workers which integrate the essential safety requirements established by law and PMI's ALP Code Standards.

## **6. FREEDOM OF ASSOCIATION**

No evidence was found of a violation of the right to freedom of association. Furthermore, the workers CU interviewed actively participated in labor unions, which suggests no interference in the workers' rights to join a union, nor the union from organizing workers. However, given that there are workers who are unfamiliar with their rights, DELTAFINA will continue to communicate with farmers on this topic to inform them of their obligations and responsibilities as employers, as well as the need to inform the workers of their rights, including those related to the freedom of association.

## **7. COMPLIANCE WITH THE LAW**

In all the farms that CU visited, the terms and conditions of contracts were in compliance with the law, although there were workers who had not been informed about all of their labor rights and employment conditions. In the farmer refresher meetings between DELTAFINA, IBERTABACO and the farmers, which will be held twice a year (at the beginning and during the season) we will stress the importance of compliance with the law. Together with Gestoria, DELTAFINA and IBERTABACO are aware of the importance to combine these ALP messages.

DELTAFINA with IBERTABACO plan to produce a new poster/leaflet to be displayed on all farms. This will set out workers' rights, translated in their native language if deemed necessary. If there are language problems, the workers' union will provide an office to help workers improve their understanding. The 20 to 25 unannounced visit conducted by the ALP country team will be used to check if farmers have distributed the leaflets to their workers.

## **CONCLUDING REMARKS**

With this Action Plan, DELTAFINA undertakes to implement broad, far reaching integrated actions to address, reduce or eliminate the problematic practices and risk factors identified by Control Union on contracted farms.

We will continue to tightly monitor the activity of contracted farmers who participate in Sustainable Tobacco Production. If we notice that they do not fully comply with any area of the program, we will increase the training and engagement, and schedule unannounced farm visits more frequently.

Because ULT and DELTAFINA are fully committed with the respect of the ALP and STP if we do not observe the same commitment from farmers to corrective actions and continuous improvement we will reserve the right to not contract their tobacco in the following crop or terminate the contract.

DELTAFINA and IBERTABACO believe they are ready to move into Phase 2 of the ALP Program.

DELTAFINA's response reflects its commitment to achieve fair and safe working conditions on farms through the implementation of the ALP Program. DELTAFINA will take concrete steps to tackle the issues and areas that need improvement. DELTAFINA also expresses its firm commitment to continue its engagement with all relevant stakeholders.

DELTAFINA's action plan aims to address the risks and issues identified in CU's report. CU is convinced that DELTAFINA has the organizational capacity to implement these efforts, which should be assessed in the future to determine the action plan's overall impact.

## Appendix 2. ALP Code

### ALP Code Principle 1: Child labor

*There shall be no child labor.*

Measurable Standards:

- 1) There is no employment or recruitment of child labor. The minimum age for admission to work is not less than the age for the completion of compulsory schooling and, in any case, is not less than 15 years or the minimum age provided by the country's laws, whichever affords greater protection.<sup>19</sup>
- 2) No person below 18 is involved in any type of hazardous work.
- 3) In the case of family farms, a child may only help on his or her family's farm provided that the work is light work and the child is between 13 and 15<sup>20</sup> years or above the minimum age for light work as defined by the country's laws, whichever affords greater protection.

### 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.*

Measurable Standards:

- 1) Wages of all workers (including for temporary, piece rate, seasonal, and migrant workers) meet, at a minimum, national legal standards or agricultural benchmark standards.

<sup>19</sup> As an exception, pursuant to ILO Convention 138, developing countries may under certain circumstances specify a minimum age of 14 years.

<sup>20</sup> The same ILO convention 138 allows developing countries to substitute "between the ages 12 and 14 in place of "between the ages 13 and 15".

- 2) Wages of all workers are paid regularly, at a minimum, in accordance with the country's laws.
- 3) Work hours are in compliance with the country's laws. Excluding overtime, work hours do not exceed, on a regular basis, 48 hours per week.
- 4) Overtime work hours are voluntary.
- 5) Overtime wages are paid at a premium as required by the country's laws or by any applicable collective Agreement.
- 6) All workers are provided with the benefits, holidays, and leave to which they are entitled by the country's laws.

**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.*

Measurable Standards:

- 1) There is no physical abuse, threat of physical abuse, or physical contact with the intent to injure or intimidate.
- 2) There is no sexual abuse or harassment.
- 3) There is no verbal abuse or harassment.
- 4) There is no discrimination on the basis of race, color, caste, gender, religion, political affiliation, union membership, status as a worker representative, ethnicity, pregnancy, social origin, disability, sexual orientation, citizenship, or nationality.
- 5) Workers have access to a fair, transparent and anonymous grievance mechanism.

**ALP Code Principle 4: Forced labor**

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

**Measurable Standards:**

- 1) Workers do not work under bond, debt or threat and must receive wages directly from the employer.
- 2) Workers are free to leave their employment at any time with reasonable notice.
- 3) Workers are not required to make financial deposits with employers.
- 4) Wages or income from crops and work done are not withheld beyond the legal and agreed payment conditions.
- 5) Farmers do not retain the original identity documents of any worker.
- 6) The farmer does not employ prison or compulsory labor.

**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.*

**Measurable Standards:**

- 1) The farmer provides a safe and sanitary working environment, and takes all reasonable measures to prevent accidents, injury and exposure to health risks.
- 2) No worker is permitted to top or harvest tobacco, or to load barns unless they have been trained on avoidance of green tobacco sickness.
- 3) No worker is permitted to use, handle or apply crop protection agents (CPA) or other hazardous substances such as fertilizers, without having first received adequate training and without using the required personal protection equipment. Persons under the age of 18, pregnant women, and nursing mothers must not handle or apply CPA.

- 4) Workers do not enter a field where CPA have been applied unless and until it is safe to do so.
- 5) Workers have access to clean drinking and washing water close to where they work and live.
- 6) Accommodation, where provided, is clean, safe, meets the basic needs of workers, and conforms to the country's laws.

**ALP Code Principle 6: Freedom of association**

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

Measurable Standards:

- 1) The farmer does not interfere with workers' right to freedom of association.
- 2) Workers are free to join or form organizations and unions of their own choosing and to bargain collectively.
- 3) Worker representatives are not discriminated against and have access to carry out their representative functions in the workplace.

**ALP Code Principle 7: Compliance with the law**

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

Measurable Standards:

- 1) All workers are informed of their legal rights and the conditions of their employment when they start to work.
- 2) Farmers and workers have entered into written employment contracts when required by a country's laws and workers receive a copy of the contract.
- 3) Terms and conditions of employment contracts do not contravene the country's laws.

