

THIRD PARTY ASSESSMENT

PHILIP MORRIS POLAND

AGRICULTURAL LABOR PRACTICES PROGRAM



Control Union Certifications

Meeuwenlaan 4-6
8011 BZ ZWOLLE
Netherlands

September 2014

TABLE OF CONTENTS

1. ALP PROGRAM BACKGROUND AND ASSESSMENT OVERVIEW.....	5
2. PMPL-T ASSESSMENT: SCOPE AND METHODOLOGY.....	8
2.1 OPENING MEETING	9
2.2 STAFF INTERVIEWS AND ALP PROGRAM DOCUMENTATION	9
2.3 OVERVIEW OF PMPL-T TOBACCO GROWING AREAS	9
2.4 SELECTION OF CU FARM SAMPLE.....	10
2.5 DEMOGRAPHICS OF FARMS SAMPLED BY CU	10
2.6 FARM VISITS	11
2.7 EXTERNAL WORKERS AND FAMILY MEMBERS OF THE FARMERS INTERVIEWED.....	11
2.8 CLOSING MEETING	12
2.9 PREPARATION OF THE FINAL REPORT	12
3. ASSESSMENT OF THE IMPLEMENTATION OF PHASE 1 OF THE ALP PROGRAM.....	13
3.1 CONDUCT OF THE ASSESSMENT	14
3.2 PEOPLE AND PROCESSES TO MANAGE THE ALP PROGRAM	14
3.2.1 Internal structure for ALP implementation	14
3.2.2 Internal communication and reporting	15
3.2.3 ALP training, roles and responsibilities	15
3.2.4 Understanding of the ALP Code Principles.....	15
3.2.5 Interpretation of relationship between farmers and workers	16
3.3 COMMUNICATING THE ALP CODE REQUIREMENTS TO ALL FARMERS	16
3.3.1 The ALP communication strategy.....	16
3.3.2 ALP communication methods and materials.....	17
3.4 BUILDING FARM PROFILES FOR ALL CONTRACTED FARMS	18
3.4.1 Data gathering system for Farm Profiles	18
3.5 PROMPT ACTIONS.....	19
3.5.1 Prompt Action reporting mechanism	19
3.5.2 Understanding and reporting Prompt Actions	20
4. ASSESSMENT OF THE CURRENT STATUS OF PHASE 2 OF THE ALP PROGRAM.....	21
4.1 MONITORING OF LABOR PRACTICES FARM BY FARM	22
4.1.1 Building capacity of PMPL-T staff for Phase 2	22
4.1.2 Selection of focus areas.....	22
4.1.3 Methods and tools for monitoring labor practices	22
4.2 ADDRESS WIDESPREAD ISSUES	23
4.2.1 Investigation of root causes.....	23
4.2.2 Initiatives to mitigate risk and improve socio-economic conditions.....	24
4.3 SUPPORT MECHANISM	24
4.3.1 Pilot government help line.....	24
5. FARM LEVEL ASSESSMENT OF ALP CODE STANDARDS	26
5.1 ALP CODE PRINCIPLE 1: CHILD LABOR.....	27

5.1.1 Prevalence of children working	28
5.1.2 Awareness of legal minimum working age	29
5.1.3 Awareness of hazardous work	29
5.1.4 Underlying factors that increase risk	29
5.2 ALP CODE PRINCIPLE 2: INCOME AND WORK HOURS	30
5.2.1 Minimum salary	30
5.2.2 Payment schedule	30
5.2.3 Regular and overtime hours	30
5.2.4 Legal benefits	31
5.2.5 Awareness of legal minimum wage	31
5.2.6 Record keeping	31
5.2.7 Pay slips	31
5.3 ALP CODE PRINCIPLE 3: FAIR TREATMENT	32
5.3.1 No evidence of practices suggestive of unfair treatment	32
5.4 ALP CODE PRINCIPLE 4: FORCED LABOR	33
5.4.1 No evidence of workers unable to leave their job	33
5.5 ALP CODE PRINCIPLE 5: SAFE WORK ENVIRONMENT	34
5.5.1 Training and awareness of Green Tobacco Sickness (GTS)	34
5.5.2 CPA handling and training	34
5.5.3 Clean drinking and washing water	36
5.5.4 General safety measures	36
5.6 ALP CODE PRINCIPLE 6: FREEDOM OF ASSOCIATION	37
5.6.1 Workers' right to freedom of association	38
5.6.2 Awareness of freedom of association	38
5.7 ALP CODE PRINCIPLE 7: COMPLIANCE WITH THE LAW	38
5.7.1 Information on legal rights	39
6. CONCLUDING REMARKS	40
APPENDICES	42
APPENDIX 1. PMPL-T RESPONSE AND ALP PROGRAM ACTION PLAN	43
APPENDIX 2. ALP CODE	52

GLOSSARY OF TERMS and ACRONYMS

ALP	Agricultural Labor Practices
ALP Code	PMI's Agricultural labor practices code
ALP Code Principle	Short statements that set expectations of how the farmer should manage labor on his farm in seven focus areas
ALP Country Team (or CT)	Inter-department group charged with ALP implementation
ALP Program	Agricultural Labor Practices Program
CA	Corporate Affairs
CU	Control Union
CPA	Crop Protection Agents
Crew leader	Person responsible for recruitment, supply and/or managing a group of workers
EHS	Environment, Health, Safety Department of a PMI entity
EU	European Union
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, systematically gather detailed information about, among other things, the type of labor employed, farming activities that minors may be involved in, and hiring
FCV	Flue-cured Virginia tobacco
GAP	Good Agricultural Practices
GTS	Green Tobacco Sickness
Leaf tobacco supplier	A 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. Labor is considered migrant labor when workers cannot go home every day.
Measurable Standard	A Measurable Standard defines a good labor practice on a tobacco farm and help us 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 Center (Lausanne, Switzerland)
Phase 1	Startup of ALP Program (training, communications, outreach)
Phase 2	ALP Program full implementation (monitoring, addressing problems)
Piece work	Payment at a fixed rate per unit of production/work
PMI	Philip Morris International, Inc. or any of its direct or indirect subsidiaries
PMPL-T	Philip Morris Polska Tobacco Sp. Z o.o.
PPE	Personal Protection Equipment
Prompt Action	A situation in which workers' physical or mental well-being might be at risk, children or a vulnerable group – pregnant women, the elderly - are in danger, or workers might not be free to leave their job
STP	Sustainable Tobacco Production
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.
TPG	Tobacco Producer Group

1. ALP Program background and assessment overview



THIRD PARTY ASSESSMENT

PHILIP MORRIS POLAND
AGRICULTURAL LABOR PRACTICES PROGRAM

In 2011, Philip Morris International Inc. (PMI)¹ 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 all farms from which PMI sources tobacco. This program applies to all tobacco farms with which PMI affiliates or PMI's leaf tobacco suppliers have contracts to grow tobacco for PMI and consists 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 providing 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 affiliates or PMI's leaf tobacco suppliers and tobacco farms worldwide. All PMI 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 are periodic reviews undertaken by CU of PMI leaf tobacco suppliers and tobacco farms worldwide.

In this initial stage of implementing the ALP Program, these third party assessments focus solely on the ALP Program implementation. They specifically focus on each leaf tobacco supplier's progress in implementing the ALP Code framed against the strategic objectives set by PMI.

The ALP Code contains seven (7) principles:²

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.

¹ For the purposes of this Code, "PMI" means Philip Morris International, Inc. or any of its direct or indirect subsidiaries.

² The full ALP Code is contained in appendix 2.

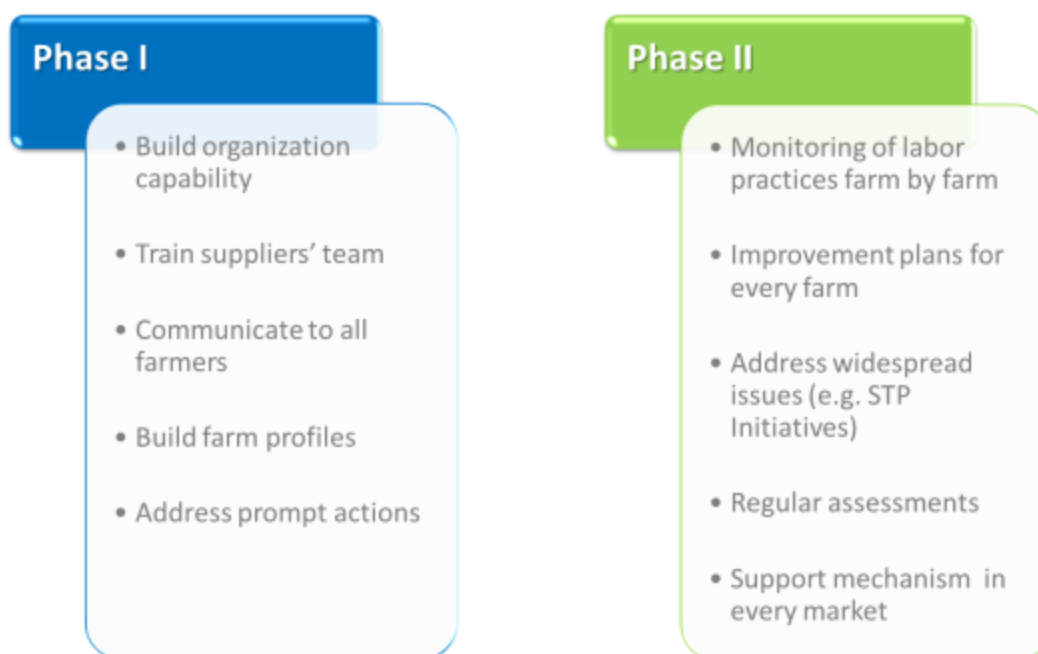
The implementation of PMI's ALP Program by leaf tobacco suppliers that purchase tobacco for PMI has been divided into two phases:³

Phase 1

- Management personnel and field technicians at supplier level understand the ALP Code and the implementation approach, ensuring capacity of people and the processes in place to roll-out and manage the Program;
- Communicate the ALP Code, requirements and expectations to all farmers;
- Document Farm Profiles for every contracted farm, 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

- 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;
- Report systematically on the progress that is being made;
- Support mechanism in place.



(Source: Verité & PMI, 2011)

³ Often, there is not a strict distinction between the two phases of the ALP implementation. In practice suppliers in many countries start considering how to address and respond to situations that do not meet the Code and to monitor changes before formally finishing Phase 1.

2. PMPL-T assessment: Scope and methodology



THIRD PARTY ASSESSMENT

PHILIP MORRIS POLAND
AGRICULTURAL LABOR PRACTICES PROGRAM

In 2011, PMI launched its global ALP Program. This report was the sixth external assessment undertaken by Control Union (CU). The review of Phillip Morris Polska Tobacco (PMPL-T) was conducted in July 2014 when it was completing its third crop season under the ALP Program and its first year of implementing Phase 2.

2.1 Opening meeting

CU started the assessment on 14 July with a meeting in Warsaw with PMPL-T senior management, the ALP Country Team representatives and coordinators, representatives of PMI Operations Center (OC) and Verité. In this meeting PMPL-T provided an overview of the continuing implementation of ALP in Poland and CU presented the objectives of the assessment.

2.2 Staff interviews and ALP Program documentation

CU conducted individual interviews with PMPL-T's senior management and the staff involved in the ALP Program implementation. In addition, 21 field technicians (91% of the total number of field technicians) and three regional supervisors were interviewed. All interviews were conducted individually so that interviewees felt comfortable to speak freely and raise any issues. Interviews covered the following topics:

- General awareness of the ALP Program and knowledge of the ALP Code;
- Implementation of the ALP Program at PMPL-T 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 through Farm Profiles;
- Mechanism for reporting Prompt Actions;
- Steps taken to prepare for Phase 2;
- Methods and tools used for monitoring labor practices;
- Initiatives implemented to address widespread issues; and
- Support mechanism.

CU then reviewed all relevant documentation related to the ALP Program implementation, including: Farm Profiles, farmer communication materials, purchase contracts, Prompt Action reports, training records, personnel records, monitoring forms, and annual job objectives.

2.3 Overview of PMPL-T tobacco growing areas

The farms contracted by PMPL-T were divided into four regions: Leżajsk (36%), Kazimierza Wielka (29%), Biłgoraj & Lublin (32%) and Oleśnica (3%). Oleśnica produces only Burley tobacco, Leżajsk mostly Virginia Flue-Cured tobacco (98%). The Kazimierza Wielka and Biłgoraj & Lublin regions produce both types of tobacco. Of the farmers assessed, 61% were growing between 0.1 and 1 hectares, 27% between 1.1 and 2 hectares, and 12% more than 2 hectares. The graphs and tables below provide demographic information on the farms visited.

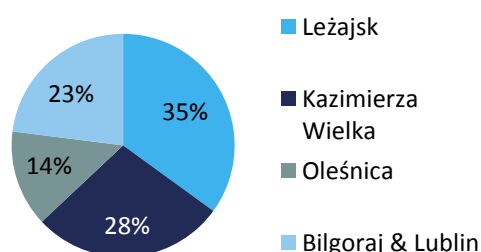
2.4 Selection of CU farm sample

At the time of the assessment PMPL-T purchased tobacco from 3,468 farms. CU randomly selected 65 farms to visit unannounced, constituting a meaningful sample based on the square root of the total number of farms contracted by PMPL-T. The CU sample was purposely skewed towards bigger farms as a larger number of workers were expected to be present on such farms. Consequently the numbers presented in this report do not necessarily represent a statistical reflection of pervasive behavior.

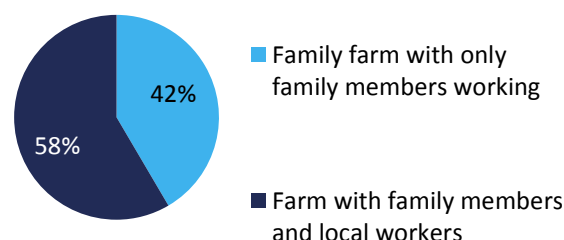
2.5 Demographics of farms sampled by CU

The graphs below reflect specific demographic information on the sample of 65 farms visited.

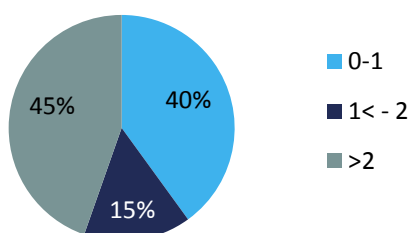
Regional distribution CU sample
65 farms **



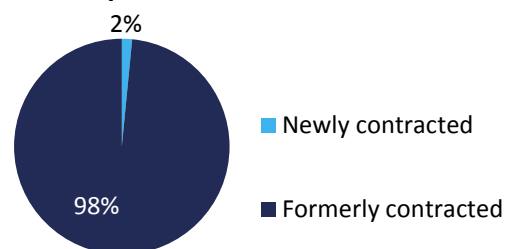
Type of farm
CU sample 65 farms**



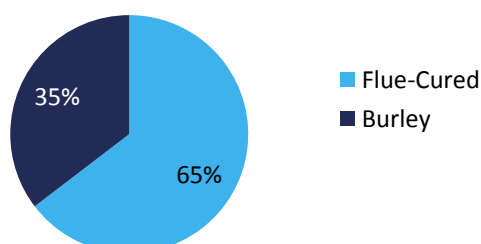
Farm size (ha contracted by PMPL-T)
CU sample 65 farms**



Contract status
CU sample 65 farms**



Tobacco type
CU sample 65 farms**



2.6 Farm visits

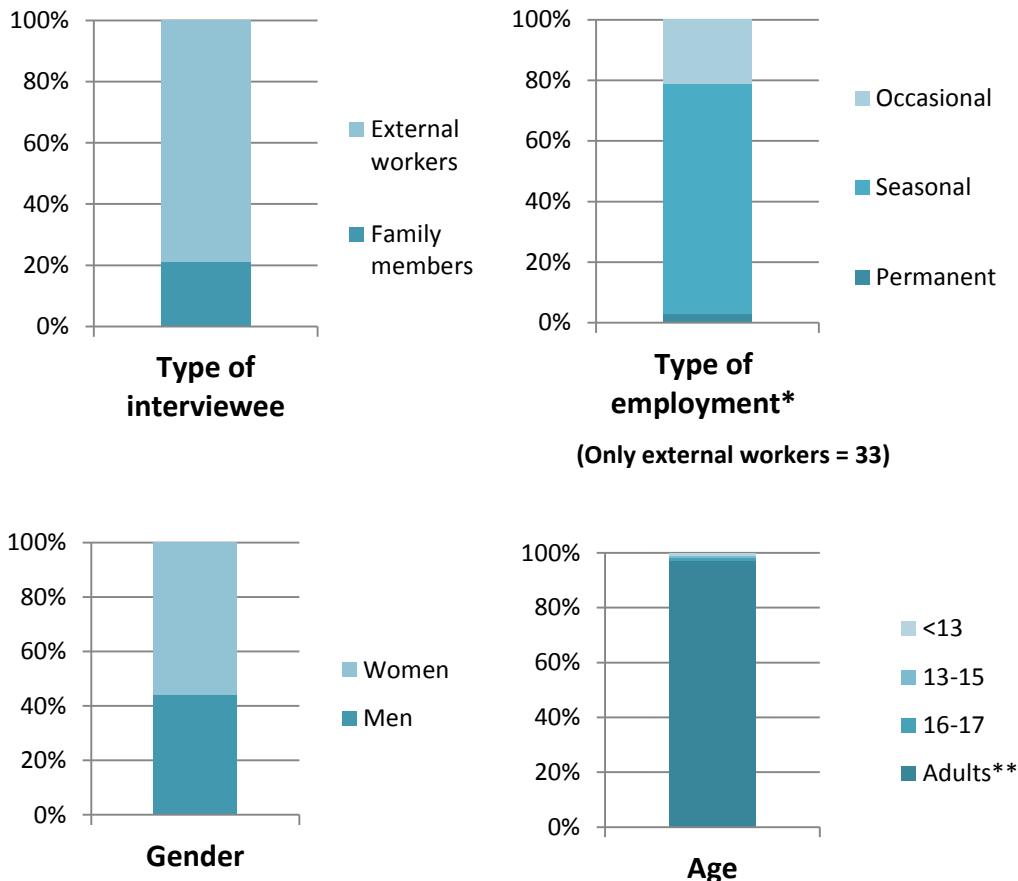
Farm visits were only announced to the field technician on the day of the visit. CU used a variety of methods to collect information on the practices at each farm. These included: interviews with farmers and workers, verification of documentation and visual observation in the field, storage rooms, curing barns, working areas and housing. Before each interview, CU explained the purpose and objectives of the assessment and assured interviewees that all information would be completely anonymous.

On each farm, CU also conducted an individual interview with the farmer to assess the effectiveness of PMPL-T's communication efforts and initiatives to verify:

- If the farmers had been made aware of the ALP Code;
- The farmers' level of understanding and attitude towards ALP Code Principles;
- The key messages received;
- Perception on and participation in initiatives implemented;
- Their willingness and ability to meet the standards of the ALP Code.

2.7 External workers and family members of the farmers interviewed

In total, 157 external workers and family members of the farmers visited were interviewed. All interviewees were local workers that travelled home daily. The graphs below illustrate the demographics of the sample.



* Occasional (<1 month), Seasonal (1-11 months), Temporary (year round)

**Adults (≥18)

To avoid bias, interviews with workers were conducted without the farmer present. On each farm, CU also attempted to interview different “types” of workers i.e. workers with different types of employment, men and women, family members and external workers. Additionally, visual observation of the working conditions was an important technique during the farm visits.

2.8 Closing meeting

CU presented the initial findings of the assessment at the closing meeting held at PMPL-T’s head office in Warsaw on 23 September 2014 attended by PMPL-T senior management, the ALP Country Team representatives and coordinators, and representatives of the OC.

2.9 Preparation of the final report

The CU assessment is an important external measurement of the progress of the effectiveness and progress of the ALP Program implementation in all countries where PMI sources tobacco. Public release demonstrates PMI’s commitment to transparency as an important component of the ALP Program. CU authors the final assessment report with quality control provided by Verité.

While drafting the report, PMI and the local PMI affiliate and/or tobacco leaf supplier may request clarifications on specific findings. After both PMI and the leaf tobacco supplier feel findings have been clarified and understood, a market action plan is prepared or the market revises the existing GAP/ALP Program plans to respond to the findings.

3. Assessment of the Implementation of Phase 1 of the ALP Program



THIRD PARTY ASSESSMENT

PHILIP MORRIS POLAND
AGRICULTURAL LABOR PRACTICES PROGRAM

This chapter documents the findings of the assessment of PMPL-T's implementation for Phase 1 of the ALP Program. Phase 1 began with the training for management personnel and field technicians globally including:

- 1) PMPL-T'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 communication and how to build a Farm Profile;
- 5) Identifying problems when PMPL-T visits the farmers they support.

3.1 Conduct of the assessment

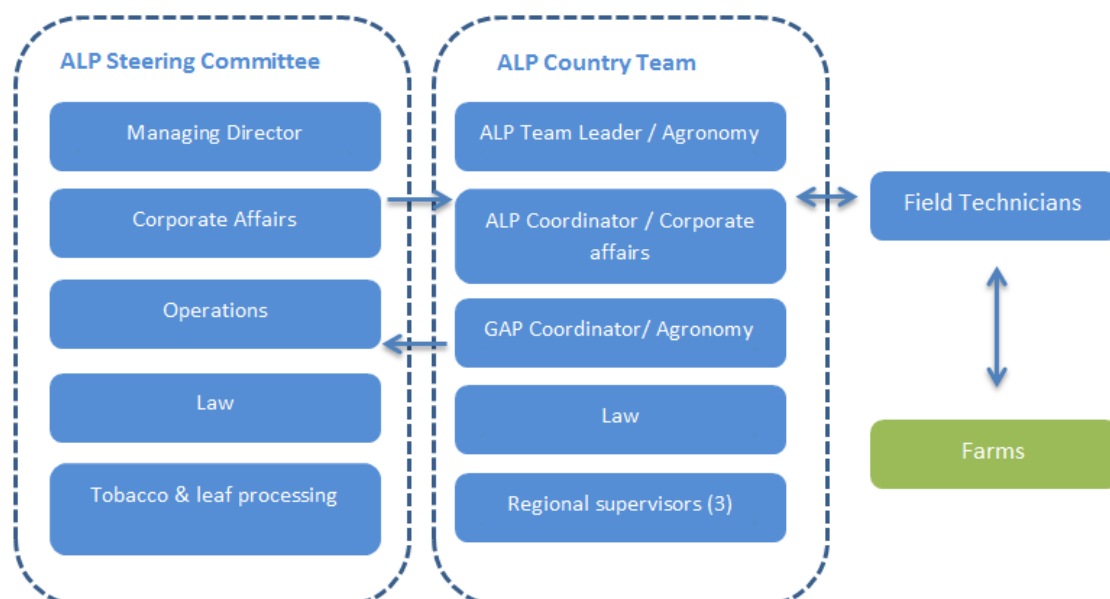
CU was satisfied with the cooperation and access to information provided by PMPL-T. All interviewees demonstrated a willingness to explain internal processes and provide their professional feedback. Both management and field personnel were fully transparent and provided all support requested by CU. In addition, PMPL-T provided all the relevant documentation related to the ALP Program implementation.

3.2 People and processes to manage the ALP Program

3.2.1 Internal structure for ALP implementation

At the time of the assessment, PMPL-T had established both an ALP steering committee and ALP Country Team. The steering committee was providing guidance to the ALP Country Team, whereas the ALP Country Team was focused on the actual execution of the ALP Program. The relevant departments (Agronomy, Corporate Affairs and Law) were represented in the ALP Country Team. Regional supervisors also participated in this team and functioned as intermediaries between the management and field personnel. The supervisors worked in close collaboration with the field technicians and regularly joined during farm visits.

Organizational chart for ALP implementation



3.2.2 Internal communication and reporting

The ALP steering committee held semi-annual meetings specifically on the ALP Program and was informed on developments by the ALP coordinator. PMPL-T reported quarterly to the ALP Regional Coordinators and OC on the status of initiatives to address widespread issues, the progress of the ALP implementation, farm monitoring and Prompt Actions. The ALP Country Team, responsible for the implementation of the ALP Program met more frequently and held bi-weekly conference calls to update each other on new developments and progress. Field technicians attended weekly meetings with their regional supervisors to discuss and report, among other things, topics on the ALP Program.

3.2.3 ALP training, roles and responsibilities

All personnel involved in the ALP implementation had been trained and their ALP related responsibilities were included in their annual job objectives. Regular training sessions for management personnel were conducted by the ALP coordinator and Phase 1 and 2 workshops were conducted in association with Verité and PMI.

As they were responsible for maintaining close contact with the farmers, field technicians received special training to ensure tobacco was produced in accordance with PMI's ALP Code standards. In December 2011, field technicians were trained during an ALP orientation program in which the ALP Program was first introduced. In June 2012, they again participated in a training session which covered the full ALP Code and the approach for implementation. To start the implementation of Phase 2, field technicians and regional supervisors participated in a workshop held in April 2014. In addition, in May and July 2014 field technicians were provided with refresher training sessions on Prompt Actions and the ALP Code in general to further increase their knowledge on the ALP Code Principles and Measurable Standards. After these refresher trainings, their knowledge was assessed with a written test containing ten questions on ALP. All training sessions were conducted by the ALP coordinator.

3.2.4 Understanding of the ALP Code Principles

Field technicians had a good understanding of the ALP Code Principles on child labor, income and work hours, fair treatment, and safe work environment. These were also the principles chosen by PMPL-T as focus areas. However, their understanding of the remaining ALP Code Principles was limited:

1. Principle 4 (forced labor): field technicians (100%) were unaware of the risks that could be associated with forced labor regarding financial agreements between farmers and workers, such as end of harvest payments. As these situations were not common in the Polish market and workers mainly received daily payments, field technicians were not familiar with the associated risks.
2. Principle 6 (freedom of association): The theory of the principle was known by field technicians, however, as no worker associations were active in the visited regions, field technicians (100%) were not familiar with the concept of an association in practice.

3. Principle 7 (compliance with the law): None of the field technicians (100%) were able to explain whether any workers would be entitled to a written employment contract under Polish employment laws.

The knowledge gaps of field technicians were mainly related to factors uncommon in the Polish market. However, a thorough understanding of the full ALP Code is important to prevent field technicians from developing a blind spot to potential risks. In addition, better knowledge of the legal framework is needed to guide farmers.

PMPL-T response: *"As of the 2015 crop season, PMPL-T will organize additional training sessions for its FTs on all of the ALP Code principles and measurable standards, at least twice a year. Special emphasis will be given to Forced Labor, Freedom of Association and Compliance with the Law, the ALP Code Principles identified by CU which field technicians were less aware of and found more difficult to explain to growers. After each training session, field technicians will be given a test to assess their knowledge of all ALP Principles and measurable standards, and to gain feedback to tailor future training sessions."*

3.2.5 Interpretation of relationship between farmers and workers

According to PMPL-T, workers on tobacco farms are not subject to the Polish *Labor Code*. Instead workers are considered independent service providers because they are not subordinate to the farmers as they "already know what to do". In PMPL-T's view, the *Labor Code* does not relate to farm workers and instead it has applied the Polish *Civil Code*.

Due to this interpretation of the relationship between farmers and workers, the latter are not entitled to any legal benefits, holidays or annual leave, a written employment contract and legal minimum wage by law. Although not required by law, PMPL-T has decided to recommend that farmers pay the legal minimum wage as stated in the *Labor Code*, nevertheless none of the other items listed above were covered in their program.

PMPL-T response: *"It is important to understand the situation of the Polish tobacco farm sector and through this perspective look at employer-employee relationships. Polish tobacco is produced mainly by smallholder farmers who grow on average 1-2 ha of tobacco using limited external labor. In addition, for tobacco most of the tasks require qualified and skilled personnel. With tobacco growing in Poland, the relationship between the farmer and his workers is often impacted by the fact that most of workers are also tobacco farmers themselves."*

3.3 Communicating the ALP Code requirements to all farmers

3.3.1 The ALP communication strategy

At the time of the assessment, all farmers had been included in the communications on the ALP Code, which were done by means of both group and individual meetings. Two series of group meetings were conducted for farmers in 2012 and 2013. The first round took place in June and August 2012. In March and September 2013, a refresher training session was held during the second round of group meetings. Both series of meetings were conducted by the regional

supervisors. In addition to the group meetings, field technicians informed and trained farmers on the ALP Code Principles during their regular farm visits.

Interviews with 65 farmers confirmed that they were familiar with the ALP Code. When farmers were asked about the ALP Code they could easily remember child labor (92%), safe work environment (89%), income and work hours (66%) and fair treatment (63%).⁴ These results were in line with the priorities previously identified by PMPL-T. The principles farmers remembered less easily were forced labor (45%), freedom of association (25%) and compliance with the law (25%).⁴ These results are a reflection of field technicians' limited understanding of these three ALP Code Principles (see also chapter 3.2.4). More information on farmer and worker awareness can be found in chapter 4.

Another way to communicate the ALP Code to farmers included a clause in their growing contracts. As farmers in Poland were not directly contracted by PMPL-T, but via Tobacco Producer Groups (TPG), there were two contracts in place, namely: (1) the contract of PMPL-T with the TPG, and (2) the contract of the TPG with the farmers. A clause requiring the implementation of ALP was included in both contracts and the full ALP Code was referenced as an annex. In total, PMPL-T had contracted six TPG's at the time of the assessment.

3.3.2 ALP communication methods and materials

PMPL-T developed several communication materials to communicate the ALP Code to the farmers supplying tobacco. The ALP Code was described in full in a leaflet while a more condensed message was conveyed in an ALP calendar. At two buying stations TV screens were installed on which a presentation on the principles of the ALP Code was shown.



ALP leaflet

⁴ Percentages refer to farmers interviewed.



The leaflet contained the full ALP Code with a description of all seven Principles and 32 Measurable Standards. This provided the farmer with a clear overview of the topics related to the ALP Code. However, the leaflet was a direct translation into Polish and there was only a limited adaptation of the Principles and Standards to the local market. More specific information on the legal minimum wage, minimum working age and other local regulations that apply to farmers and workers on Polish tobacco farms would give farmers a more direct perspective to check whether their current practices are meeting the standard. The language could also be better adapted to farmers as they are less familiar with technical and administrative terminology. As previously mentioned, condensed ALP messages were conveyed in the ALP calendar with short statements on all ALP Code Principles. Caps branded with the ALP logo were useful reminders of the program's influence in their tobacco production.

Most farmers confirmed that they learned about the ALP Program during group and individual meetings. In general farmers declared that they learned more from verbal communication methods than from written materials as they often did not read them.

ALP Poster

PMPL-T response: "As a result of the refresher training sessions to improve field technicians' knowledge of ALP, farmers' understanding of all ALP principles is expected to increase over time. Communication materials will also be tailored to the Polish market to make them more effective and readable for growers."

3.4 Building Farm Profiles for all contracted farms

As a requirement of Phase 1, PMPL-T is expected to build Farm Profiles for every farm in its supply chain. PMI has developed a global template for its tobacco sourcing affiliates and leaf tobacco suppliers to collect socio-economic indicators including farm size, number of workers, age and number of children in the farmer's family, working status (part time, full time, and migrants), worker pay period and living conditions.

3.4.1 Data gathering system for Farm Profiles

At the time of CU's assessment, all farms visited had a complete Farm Profile from the previous crop season (2013). For the current season (2014), 91% of the farms visited had updated Farm Profiles. For one newly contracted farmer visited, no Farm Profile was available.

For the current crop season, CU verified that 95% of the Farm Profiles of the farms visited were accurate and matched the conditions on the farm. For the remaining 5%, either the size of the contracted tobacco field or the number of workers was

inaccurate. Due to fluctuations in the labor demand during the season, which is inherent to the agricultural sector, these inaccuracies were not unexpected.

At the end of the season, field technicians entered the data obtained from Farm Profiles into a database and paper versions were archived. To gain a better understanding of their farmer base, PMPL-T analyzed the Farm Profile data using a template provided by PMI. This analysis was conducted for both the 2012 and 2013 crop seasons.

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)

A Phase 1 requirement is for PMPL-T to address Prompt Actions found on the farms from which they source tobacco. Any Prompt Action should be reported immediately to the ALP coordinator, who provides guidance on how to address the issue or escalates it within the organization.

3.5.1 Prompt Action reporting mechanism

The reporting of Prompt Actions was combined with the collection of information for monitoring labor practices (see chapter 4.1). "Continuation Sheets" were used for both Prompt Actions and situations not meeting the ALP standard. In the form, special sections were provided to describe the situation, the agreed action with the farmer and reference to the applicable ALP Code Principle and Measurable Standard. Field technicians marked a specific box to indicate an identified situation as a Prompt Action. After identification, the field technician should take corrective actions on the spot and provide additional training on the issue to the farmer. Thereafter the regional supervisor should be informed, and he then notifies the country team in order to investigate the potential scale of the problem and provide feedback on the issue to the responsible field technician and regional supervisor.

Only one Prompt Action had been reported by a field technician during the 2013 crop season and at the time of the assessment no Prompt Actions had been reported for the 2014 crop season. The fact that CU identified four cases in which farmers declared the involvement of children in hazardous activities, such as harvesting and sticking (see chapter 5.1.1) during what was just a two-week assessment, implies that this number should have been higher. Moreover, the monitoring results of the second quarterly report of 2014 showed that PMPL-T identified 21 farmers who declared they would involve their children in hazardous related activities.

One reason for not reporting cases as Prompt Actions could be the limited ability of field technicians to recognize Prompt Actions at the farm (see chapter 3.5.2). However, as was mentioned by PMPL-T during the closing meeting, field technicians possibly would first try to find a solution on the spot before reporting the issue,

even though this was not PMPL-T's policy which was for field technicians to always report identified issues.

3.5.2 Understanding and reporting Prompt Actions

As described in chapter 3.2.4, field technicians had a good theoretical knowledge of Prompt Actions. However, in practice their ability to recognize Prompt Actions at the farm level was limited. During interviews with CU, they could not determine whether specific situations should be considered Prompt Actions or regular situations not meeting the standard. Their main response was that they would consult one of the regional supervisors when encountering these situations. To ensure an effective Prompt Action reporting mechanism, it is crucial field technicians can distinguish Prompt Actions from other situations not meeting the standard.

PMPL-T response: *"Field technicians were instructed to take a proactive approach to identify, report, and address prompt action situations during farm visits. During the 2014 crop season, field technicians recorded 21 prompt actions. As a result, PMPL-T provided additional training to the farmers on the relevant principles and conducted follow-up visits to monitor progress. Only one situation leading to a prompt action was observed later on. However, PMPL-T acknowledges the importance of continuing to improve the ability of field technicians to record prompt action issues, particularly those related to child labor.*

Therefore, PMPL-T will conduct additional trainings for field technicians on prompt actions based on real examples. As of crop 2015, field technicians' ALP toolbox will include a list of potential prompt action issues to help them properly classify observed situations as prompt actions and to increase their confidence to correctly record and escalate issues to their supervisors."

"Additionally, an ALP monitoring recognition and rewards system is being considered for field technicians to promote their understanding of the importance of recording prompt actions to address issues, keep track of agreed solutions with farmers and, ultimately, to bring about a change in living and working conditions on farms."

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



THIRD PARTY ASSESSMENT

PHILIP MORRIS POLAND
AGRICULTURAL LABOR PRACTICES PROGRAM

This chapter describes the findings on the current status of PMPL-T's implementation of Phase 2 of the ALP Program. As PMPL-T had recently initiated Phase 2, certain requirements such as improvement plans were not yet implemented.

PMI introduces its affiliates or leaf tobacco suppliers to Phase 2 when they decide they are ready to implement the requirements. This does not necessarily mean that all Phase 1 requirements have been achieved. PMI and Verité then provide 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 step and planning for the upcoming season.

4.1 Monitoring of labor practices farm by farm

In Phase 2, PMI's affiliates and leaf tobacco suppliers are expected to start monitoring labor practices on individual farms and select at least 2 ALP Code Principles to focus their efforts on in the first year of Phase 2 implementation, progressively monitoring all ALP Code Principles and Measurable Standards. By selecting 2 Principles, efforts can be focused and systems and skills are piloted and embedded by the end of the first year towards the integration of more Principles.

4.1.1 Building capacity of PMPL-T staff for Phase 2

In February 2014, management personnel received a special training from Verité to ensure that all relevant staff were prepared for Phase 2. Subsequently, in March 2014, the field technicians and regional supervisors responsible for visiting the farms received a special workshop on Phase 2.

4.1.2 Selection of focus areas

PMPL-T focused the implementation of Phase 2 on three Measurable Standards; child labor in a family setting (PMPL-T specifically identified children involved in hazardous tasks), payment of a minimum salary, CPA and PPE practices. Even with this focus, all ALP Code Principles were monitored at the time of assessment.

4.1.3 Methods and tools for monitoring labor practices

PMPL-T chose to monitor all ALP Code Principles and Measurable Standards at the start of the Phase 2 implementation. To collect information PMPL-T developed an evaluation form covering all Measurable Standards. During farm visits, field technicians had to complete the evaluation form and immediately fill in a continuation form when identifying a specific issue including a detailed description of the situation, a follow-up action with space for additional comments. Subsequently, the unique identification number of the continuation form was recorded on the evaluation form under the applicable Measurable Standard so both forms were linked to each other. It was noted that information on the farm's

production stage at the moment of monitoring was not recorded, while this could be useful as the risk of an issue varies according to the phases of production. At the time of the assessment, evaluation sheets were available and completed for nearly all of the farms visited (97%).

For 5% of the forms, information relating to CPA storage was found to be inaccurate. While the evaluation form stated that the storage was 'meeting the standard', CU identified improper CPA storage. In these cases the CPAs were stored on an open shelf or in an old fridge which were freely accessible to children.

CU identified that field technicians completed the entire form during the first or second visit, with the risk of missing important findings during the later stages of tobacco production. At the time of the assessment, the evaluation sheets were not updated after each visit for 48% of the farms visited creating a gap in the evaluation process.

Monitoring of the non-prioritized principles was being conducted at the time of the assessment while gaps in the field technicians' knowledge of these topics were identified. In order to prevent the development of blind spots on issues regarding non-prioritized topics and to create a reliable monitoring system, the topics being monitored need to reflect the understanding of field technicians.

PMPL-T response: *"During the 2014 crop season, each field technician conducted at least three field visits covering the different stages of the crop. In order to improve farm-by-farm monitoring and allow FTs more time to gather information and verify its accuracy, PMPL-T decided to increase the number of farm visits. As of 2015, each field technician will conduct one additional visit, totaling at least four field visits per year. In addition, PMPL-T re-trained all field technicians on all of the ALP Code principles and measurable standards."*

4.2 Address widespread issues

Phase 2 requires PMI's affiliates or leaf tobacco suppliers to investigate the root causes of the different challenges found in the implementation of the ALP Program. These challenges can be diverse and are addressed under the ALP Program with two distinct but complementary approaches. First, initiatives are implemented to mitigate specific risks and improve the overall socio-economic conditions of contracted farms. Other initiatives involve all relevant stakeholders, including projects sponsored by the PMI Contributions department addressing problems identified at the community level.

4.2.1 Investigation of root causes

As explained in chapter 4.1.2, based on the analysis of the information that was collected via the Farm Profiles, PMPL-T chose to focus on three Measurable Standards; child labor in a family setting; payment of the minimum salary; and CPA and PPE practices. At the time of the assessment, PMPL-T was still assessing the root causes of the issues identified. See chapter 5 for the farm findings and root causes identified by CU during the assessment.

4.2.2 Initiatives to mitigate risk and improve socio-economic conditions

PMPL-T had developed a concrete initiative to address unsafe CPA and PPE practices. This initiative is described in chapter 5.5.2.

PMPL-T had also implemented an initiative in which farmers were provided with a "farmer book."



Farmer book

This book contained a form for the cost of production, tabs to organize administration and a sticker for the CPA lock-up. 66% of the farmers visited had received this book and 79% of those farmers declared they found the initiative useful. Farmers reported that the folder helped them organize their administration. One farmer said he would use the cost of production form to improve his budgeting.

In addition, PMPL-T set the target to fully eliminate child labor on family farms by 2015. At the time of the assessment, the extent of the potential child labor issues was being

investigated by means of monitoring labor practices farm by farm as described in chapter 4.1.

PMPL-T response: "CU's findings are generally in line with the priority areas previously identified by PMPL-T through its internal monitoring processes. Therefore, PMPL-T will continue to focus on the following priority areas:

- Child labor: children helping on family farms with a particular emphasis on hazardous tasks;
- Income and work hours: minimum wage and payment registration;
- Safe work environment: proper CPA storage, re-entry period warnings, general safety on farms (e.g. tools and equipment storage)."

4.3 Support mechanism

4.3.1 Pilot government help line

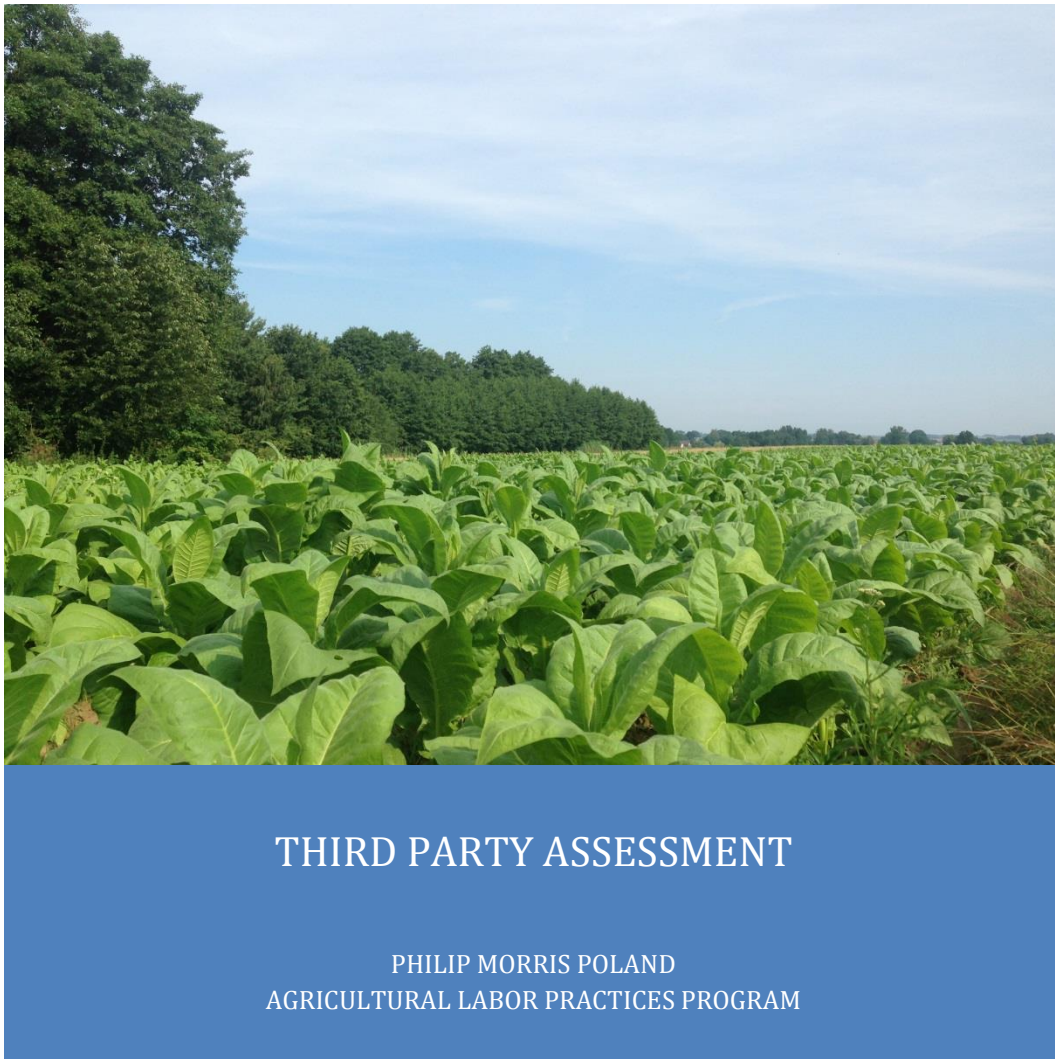
At the time of the CU assessment, PMPL-T was promoting the National Labor Inspectorate's help line to farmers. This was part of a broader campaign of the National Labor Inspectorate and included a phone number to be contacted to receive free legal advice on the *Labor Code* and employment related issues.

PMPL-T had distributed a flyer in order to promote the help line among their farmers. For every region, a separate flyer with the local phone numbers was available. CU concluded that the content of the flyer was not tailored to the situation of farmers and workers, as the information provided mainly referred to the *Labor Code* while PMPL-T considered that these workers were subject to the *Civil Code* (see chapter 3.2.5). PMPL-T promoted the help line as a temporary solution to give farmers and workers access to information and advice from an independent (government) service. PMPL-T had explored other options for support, however, none had been successfully adopted at the time of the assessment.

Of the farms visited during the assessment, 69% of the farmers and 38% of the workers were aware of the existence of the National Labor Inspectorate's help line. None of the interviewees had used the line as they reported that they did not see the need for it. CU tested the help line in two regions several times and while the line in Lublin was available, attempts to contact the line in Zamość were unsuccessful.

PMPL-T response: *"In July 2015, PMPL-T launched a support mechanism pilot. It consisted of an effective process for collecting farm workers' grievances or concerns, as well as farmers and workers' questions. The support mechanism provided both workers and farmers with a telephone number and a third-party NGO to assess each situation, providing advice and follow up on grievances. In addition, the support mechanism provided support to field technicians for those prompt action issues which they did not know how to deal with. For the pilot implementation, PMPL-T selected the region with the highest concentration of contracted farmers (around 800 Flue Cured farmers, accounting for up to 3,000 workers). This region was near to the Ukrainian border where several migrants were found working in 2014. PMPL-T will evaluate the effectiveness of the support mechanism in 2015."*

5. Farm level assessment of ALP Code standards



Chapter 5 describes the findings of the field assessment and the current status of ALP's implementation at the farm level. At the time of assessment, PMPL-T was in Phase 2 of the ALP Program and was expected to engage directly with farmers to address those dynamics on farms that do not meet the ALP Code standards. As PMPL-T had just initiated Phase 2, the farm assessment should be viewed as a baseline for supporting further implementation.

Before presenting the findings, it is important to clarify the structure of the ALP Code as this determines CU's analysis of farm practices. The ALP Code (in Appendix 2) has seven ALP Code Principles enshrined in short statements designed to guide farmers on specific practices to achieve safe and fair working conditions on their farms. Each ALP Code Principle has several Measurable Standards.

A Measurable Standard defines a good practice and over time can be objectively monitored to determine whether and to what extent the labor conditions and practices on a tobacco farm are in line with each ALP Code Principle. Each of the following chapters includes one of the seven ALP Code Principles and CU's findings. It also covers the risks (situations that may lead to problems in the future or about which a conclusion cannot be reached due to lack of evidence). As discussed in 4.2, PMPL-T's initiatives to address widespread issues are also included in this chapter.

Section 5.7 provides a complete explanation about the simultaneous application of the *Labor* and *Civil Codes* to the legal nature of relations between farmers and their workers. Therefore, even for those relations agreed under the *Civil Code*, it will still be necessary to refer to the *Labor Code* as a point of reference because its rules are often the only ones regulating working conditions in a detailed manner.

5.1 ALP Code Principle 1: Child labor

Background

Minimum age regulations: According to the Polish *Labor Code* the minimum legal working age is 16 years old. Children under 16 may only: (1) work or perform other gainful activities for an entity engaged in cultural, artistic, sports or advertising activities, subject to the prior consent of their legal representative or guardian, and subject to the labor inspector's authorization. There are other regulations that need to be fulfilled e.g. specific legal requirements such as graduation from school; or (2) work for the purpose of "vocational training" if the children do not have occupational qualifications. There are specific regulations, principles and conditions related to "vocational training", including specific principles related to the remuneration of adolescents.

A juvenile (16 to 17 years old) may be employed under a contract of employment but only to perform "light work." This includes work that does not cause health risks and does not affect the juvenile's physical and mental development, nor shall it affect the juvenile's schooling obligations. The list of activities considered as "light

ALP Code Principle 1

Child labor

'There shall be no child labor.'

work” shall be set out by the employer and approved by the relevant labor inspector. Juveniles should not be employed to perform “prohibited work” the list of which is specified by the Council of Ministers and forbids juveniles from doing certain activities such as: (i) heavy work, (ii) work affecting the body’s position and which is therefore dangerous to the juvenile’s mental or physical progression, (iii) work exposing juveniles to chemical and biological substances, dust, electromagnetic pulses, noise, radiation, vibrations, low and high temperatures, pressure, or exposing juveniles to the risk of accident or harm, and (iv) work at heights above three meters.

The *Family and Guardianship Code* (art. 91 paragraph 2) grants that children/juveniles who are financially supported by their parents and living with them may help them with the housekeeping and are allowed to do “light work” on their parents’ farm.

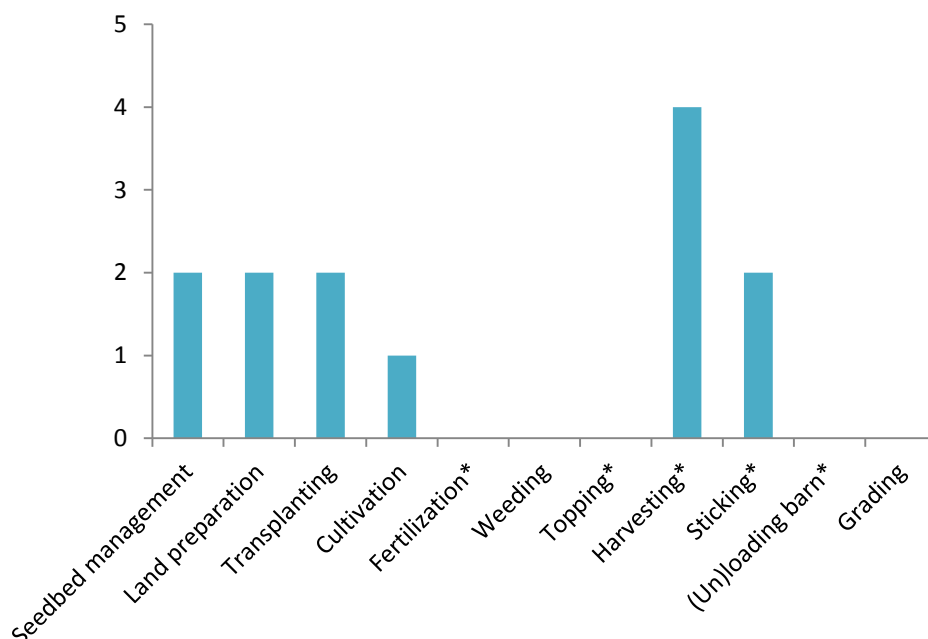
Child labor: Overall findings and challenges

5.1.1 Prevalence of children working

At 5% of the farms visited, farmers declared a total of four of their own children below 18 who were involved working on tobacco related activities and then only during the school holidays. The farms were located in Burley growing regions (Kazimierza Wielka, Biłgoraj and Lublin and Oleśnica).

One of the children that was declared working was nine years old and was brought along to the tobacco field when her mother had to work as she reported that she had no one else to supervise. The child was primarily involved in the harvesting of tobacco. At another farm, a farmer declared that two of his children aged 14 and 15 were involved in harvesting, stringing and several non-hazardous activities such as seedbed management, transplanting and cultivation. The fourth child was aged 17 and helped with the harvesting of tobacco.

All four children were involved in hazardous activities as set out in the graph below (one child may have done more than one activity).



5.1.2 Awareness of legal minimum working age

95% of the farmers visited were aware of the legal minimum working age according to the *Labor Code*.

Child labor: Risks

5.1.3 Awareness of hazardous work

86% of the farmers interviewed were aware of the meaning of hazardous activities. The remaining 14% of farmers were unaware of the health hazards related to working with green tobacco leaves.

5.1.4 Underlying factors that increase risk

The farmers visited who declared involving their own children in tobacco related activities reported different reasons for doing so. One child was working due to a lack of available supervision when the parents were working in the field. Another farmer reported that it was important for his children to learn how to work on tobacco. Finally, one farmer said that his child was working to contribute to the workload.

Child labor: Analysis and Priorities

PMPL-T's communication efforts on child labor seem to have been effective as most of the farmers were aware of the legal minimum working age (95%) and the hazardous activities (86%). In addition, no hired children were found at the farms visited and the four children helped on their family farm. Despite the high awareness, these children were all involved in hazardous activities.

As PMPL-T targets to fully eliminate child labor in 2015 (see chapter 4.2.2), it will be important to address the root causes of children working on their family farms. Currently the investigation of child labor is done by closely monitoring farm practices (see chapter 4.1).

PMPL-T response: "PMPL-T identified one of the root-causes for child labor on family farms was the lack of options for child care during the school holidays. For this reason, parents are forced to take their children to the field with the risk that they are then involved in child labor.

PMPL-T will take additional steps to raise awareness and educate farmers on child labor. Refresher training will cover all ALP principles and measurable standards during the pre-season meetings and field days (group), as well as being part of regular farm monitoring visits (individual) throughout the 2015 crop season. PMPL-T will focus its efforts on continuous improvement to ensure that farmers are aware of their obligations and the ALP standards.

Given that the observations of Control Union were not confirmed by field technicians, PMPL-T will intensify its efforts to monitor and record every case of child labor."

5.2 ALP Code Principle 2: Income and work hours

Background

Minimum salary regulations: The *Civil Code* has no specific requirements on minimum salary. However, PMPL-T referred to the legal minimum wage from the *Labor Code* using it as a benchmark and therefore recommended farmers to pay tobacco workers an hourly wage of at least 10 PLN.

Work hours and benefits regulations: The *Civil Code* has no specific requirements on working hours or benefits.

Income and work hours: Overall findings and challenges

5.2.1 Minimum salary

The majority (95%) of the farmers visited with hired labor paid their workers at least the legal minimum wage, paying them from 10 PLN to a maximum of 20 PLN per hour. The remaining 5% paid their workers 7 PLN per hour, i.e. less than the legal minimum wage. Because of the scarcity of manual labor, most workers secured a wage above the legal minimum.

5.2.2 Payment schedule

95% of the farmers that hired labor paid their workers in cash on a daily basis. In general, workers worked on more than one farm during the week and the farmer's labor needs were dependent on the stage of the crop and the harvest schedule. Due to these dynamics and because most farmers had small tobacco fields, the demand for labor fluctuated on a daily basis. On only two of the farms visited were workers paid weekly.

5.2.3 Regular and overtime hours

In the *Civil Code*, there are no regulations limiting regular and overtime hours. Workers typically stayed on one farm for three to four days a week. If someone worked on more than one farm a week, it was difficult for a farmer to control the total number of weekly work hours. In these cases, it was the worker's choice.

Hired labor mostly worked during the harvesting period, and then for an average of eight hours a day. However, at 8% of the farms that hired labor, regular hours were approximately 10 hours a day. This included the 5% of farms paying below 10 PLN per hour (as described in chapter 5.2.1).

Overtime was uncommon and workers mainly booked the number of hours agreed at the start of the day. At one farm, workers received a higher hourly rate for overtime of 20 PLN instead of 14 PLN.

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.'

5.2.4 Legal benefits

The *Civil Code* does not include regulations concerning the legal benefits to be provided to agricultural workers. The workers were not registered and did not receive any form of insurance or social security, which meant they could not be covered for potential work related accidents and injuries. Workers were mainly provided with meals during the day and in one case also received fuel for transport.

5.2.5 Awareness of legal minimum wage

97% of the farmers and 87% of the workers interviewed were aware of the legal minimum wage referred to in the *Labor Code*. Workers were paid according to the market price for labor which was higher than the legal minimum at the time of the assessment.

Income and work hours: Risks

5.2.6 Record keeping

84% of the farmers visited with hired labor did not record the payments to workers. 71% of the farmers that hired labor did not record hours/days worked or tasks completed. As the majority of payments were flat daily rates, (chapter 5.2.2) farmers said that they did not see the benefit of keeping records.

5.2.7 Pay slips

None of the farmers with hired labor provided their workers with pay slips. As workers were paid on a daily basis without a formal contract of employment, this was not perceived as necessary by either the farmers or the workers.

Income and work hours: Analysis and Priorities

As there is no minimum salary requirement under the *Civil Code*, PMPL-T recommended farmers to pay at least the legal minimum salary set by the *Labor Code*, as explained above. This is an important step which increases the level of formality of the relationship between farmers and workers. Applying more provisions of the *Labor Code* (for example legal benefits and social security) as PMPL-T's benchmark would further increase the protection of workers on tobacco farms. As this would require structural changes in the way these workers are incorporated in the legal framework, it is likely that PMPL-T will not be able to address these issues without the engagement of external stakeholders.

PMPL-T response: *"Regardless of the legal relationship with their workers, PMPL-T recommends that farmers pay at least the equivalent to the minimum legal wage as per the ALP standards and Polish Labor Law, which is stricter than the civil law that covers workers."*

Farmers were trained to record payments to workers properly. Additionally, during the 2014 crop season, field technicians distributed a simple form to all farmers for the registration of their cost of production which included fields for labor cost registration. In 2015, PMPL-T's field technicians will conduct additional training on how to register the cost of production, including labor-related costs,

during regular visits.

There is also a need to implement a program for growers to gradually increase compliance with ALP in their relationship with workers. If workers are not covered by the Labor Code, there is no legal instrument to compel farmers to incorporate the legal benefits and social security. In particular, the latter is governed by specific regulations. PMPL-T will explore further opportunities to engage with external stakeholders in order to find support to such initiatives."

5.3 ALP Code Principle 3: Fair treatment

Background

Regulations: For workers hired on the basis of the *Civil Code*, regulations regarding fair treatment are provided under the *Act of 3 December 2010* regarding the implementation of certain provisions of the European Union in the field of equal treatment (*Journal of Law of Dec 30, 2010 No, 254 item 1700*, as further amended). This Act provides that: (a) each worker employed on the basis of the *Civil Code* contract has the right that their dignity and other personal interests are respected by the person who hired them and by other workers. In the case the violation continues, the worker can make a claim to the court; (b) unequal treatment is prohibited, such as harassment in general, sexual harassment, and unfair treatment.

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 No evidence of practices suggestive of unfair treatment

CU did not identify any examples of unfair treatment such as physical, sexual or verbal abuse or any form of discrimination. As agricultural workers were relatively scarce in the regions visited, farmers were providing them with good working conditions.

Fair treatment: Analysis and Priorities

During the assessment CU did not find any evidence of unfair treatment.

PMPL-T response: *"Despite the fact that CU's audit found no evidence of unfair treatment, this principle remains important for avoiding potential blind spots. All field technicians were re-trained to be able to clearly explain this principle to growers. This should help ensure that activities like discrimination, the use of violence or harassment do not go unnoticed."*

5.4 ALP Code Principle 4: Forced labor

Background

Regulations: As a member of the EU, Poland is obliged to comply with EU regulations (based on the *Treaty of Rome* and the *EU directives*) related to human trafficking, including provisions on forced labor. The human trafficking definition has been incorporated into the *Polish Criminal Code* and is punishable with imprisonment for a minimum of three years. In addition, the *Polish Criminal Code* (art. 286) prohibits actions that take advantage of a person for the purpose of gaining a material benefit by misleading them or by exploiting them or through their inability to understand their actions.

ALP Code Principle 4

Forced labor

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

Forced labor: Overall findings and challenges

5.4.1 No evidence of workers unable to leave their job

All of the workers interviewed stated that they were free to leave their employment if they wanted and that they were not required to make any financial deposits or hand over their identity documents.

Forced labor: Analysis and Priorities

No evidence of forced labor was found and no risks of forced labor were identified at the farms visited. Workers were mainly coming from the same villages, or from nearby, where labor was relatively scarce which encouraged the farmers to maintain good work conditions to ensure they returned in future.

PMPL-T response: "Although CU's audit found no evidence of forced labor, field technicians will continue to pay attention to the possible risks associated with this principle. It will require FTs to increase and maintain their own level of knowledge. PMPL-T has re-trained all of its field technicians on all of the ALP Code Principles, including forced labor."

5.5 ALP Code Principle 5: Safe work environment

Background

Regulations: The *Labor Code* is applicable to any workplace and sets requirements regarding safety, sanitary conditions and health protection.

Agricultural equipment and machines must be used in accordance with their user manuals, must have covers and the tools necessary for safe usage, and must be switched off before they are regulated or repaired. It is forbidden to use agricultural equipment and machines without safety precautions.

There are separate rules issued under the *Labor Code* provided in the *Ordinance of the Minister of Agriculture 2002*, regarding the use and storage of crop protection agents and fertilizers. Employees working with these products must obey strict safety rules. They must use special working clothes, face masks, wash their whole body after finishing working with these products (especially toxic ones), work in pairs while working with toxic products, and be equipped with a first aid kit. Warehouses for the storage of CPAs and fertilizers must be labeled to warn about the danger.

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)

84% of the farmers and 74% of the workers interviewed were aware of the existence and symptoms of GTS. However, at 25% of the farms visited workers were involved in harvesting without having received training on avoidance of GTS. Nevertheless, the majority of workers used protective clothing to protect against GTS. Workers involved in harvesting stated that they use long pants (90%), gloves (87%), long sleeves (82%) and rain gear (41%).

5.5.2 CPA handling and training

During the assessment, no CPA spraying was observed in the field and so CU did not find any evidence that persons who applied chemicals did not wear the proper PPE. In general, farmers were aware of the PPE to be used during the application of CPAs. They stated that they used gloves (92%), a mask (90%), an overall/apron (79%) and boots (55%). In most cases, farmers reported that they personally applied the CPA, usually from an open cab tractor. However, suckercide was sometimes applied manually.

70% of the farmers said that they respected the re-entry time after CPA application and verbally informed their family members and workers not to enter the field. The remaining 30% of farmers maintained that they were not aware of the re-entry

period for CPAs. Only two of the farmers visited reported using warning signs after CPA application.

80% of the farmers visited had their CPA stored safely. The remaining 20% did not have a closed and locked CPA storage and in most cases the door was simply left unlocked. There were also farmers who did not have any storage at all and sometimes the CPA bottles were stored on an open shelf. In two cases the farmers used an old fridge to store the CPA which could lead to confusion with consumables. These practices pose a risk not only to workers but also to those children with access to storage areas, which was the case at 20% of the farms visited.

21% of the farmers visited did not store, triple wash and discard empty CPA containers correctly. These farmers stored the containers in plastic bags, scattered them around the farm area and/or burned them.

Initiative to address unsafe farm practices

To improve safety practices at the farm, PMPL-T distributed a PPE set to all participating farmers. Of the farmers visited, 97% reported that they had received PPE equipment. This set was meant to improve the usage of PPE and contained goggles and a face mask (FFP2⁵) for the application of CPAs and woven gloves to protect against GTS.



PPE set

CU found the mask was inadequate for protection against chemicals as it was only a dust mask. Moreover, farmers reported that the woven gloves were unsuitable for harvesting because they absorbed moisture. Inadequate PPE increases the risk as the user may feel more protected and may change their behavior. It is important that only suitable safety equipment is provided to farmers.

81% of the farmers that received the PPE set declared that they found this initiative useful and it made them aware of the need for protection against chemicals. The findings imply that these farmers and their workers did use the PPE when provided.

PMPL-T response: "In 2014, Field technicians provided every farmer with a promotional kit aimed at improving farm safety, particularly during harvesting and the preparation and application of crop protection agents. The kit included gloves primarily for preventing GTS and CPA exposure during harvesting, as well as protecting tobacco from contamination with non-tobacco related materials (e.g. plastic, rubber), goggles for use when handling crop protection agents and a face mask to protect farmers and workers against, among others: dust, fumes and aerosols of solid and liquid particles with a maximum acceptable concentration of 10 units. Going forward, PMPL-T will ensure that all materials provided to farmers are adequate for the purpose for which they were intended. Double checks will be made of product specifications versus requirements."

"Field technicians will continue to raise awareness of GTS prevention during their regular farm visits. Field technicians will also pay special attention to the risks of exposure to GTS as part of the farm-by-

⁵ A dust mask of the FFP2 category is not suitable for use as protection against chemicals.

farm monitoring.”

“During the 2015 crop, field technicians will continue to pay particular attention to how farmers handle and store CPAs (e.g. proper marking, including warning labels and proper lockers). PMPL-T will distribute additional warning labels to farmers for their CPA lockers.”

5.5.3 Clean drinking and washing water

All of the farmers visited provided clean drinking water near the field. However, at two of the farms there was no washing water or soap available near the working area. One of those farmers reported that this was not necessary because he could always wash his hands when he arrived home after work, which was relatively far from the field.

Safe work environment: Risks

5.5.4 General safety measures

In order 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 to take measures to prevent accidents, injury and exposure to health risks. This was not the case at all farms visited with the following issues identified:

- None of the Burley farmers with high curing barns used harnesses to prevent injuries. The barns were three to five levels high. As a preventive measure, one farmer reported that he had lowered the barn from five to four levels and another farmer said that he had invested in a new ladder.
- 54% of the farmers visited did not have a first aid kit at the farm.
- 57% of the growers visited did not store all their equipment and tools safely. This could pose a risk to those children with free access to the farm, as documented at 20% of the farms visited.

Safe work environment: Analysis and Priorities

PMPL-T’s focus on PPE practices seems to have been effective as most of the farmers and workers were aware of how to protect themselves against the hazards of working with chemicals and green tobacco leaves. In addition, the majority of the farmers (91%) were aware of the general safety hazards at the farm. It is important to continue communication on this topic so all farmers and workers are aware of the required safety measures.

The provision of PPE kits by PMPL-T for CPA application is an effective measure to improve practices at the farm. However, these kits should contain face masks and gloves of the correct specification. Also, more guidance is required on how and when to use the PPE to help farmers to improve their safety practices. At the time of the assessment, only general statements on the ALP Code Principles were attached to the PPE kits being distributed by PMPL-T.

Finally, more attention should be given to improve general safety on the farm relating to the storage and disposal of CPA containers, tools lying around the farm and the availability of first aid kits.

PMPL-T response:

"With regards CU's findings, PMPL-T will implement the following initiatives in 2015:

- *Re-entry period: PMPL-T will check CPA documentation and include re-entry requirements in the TPG's contract clauses. PMPL-T will also organize a group training for growers which will cover the re-entry period requirements. The training will take place prior to the 2015 crop season (in pre-season meetings);*
- *CPA storage: in addition to a refresher training to all growers, PMPL-T produced and distributed additional CPA warning stickers. Field technicians will also pay special attention to CPA storage during farm visits. Field technicians will record non-compliances in continuation sheets, agree on improvement plans and follow-up with farmers on the agreed actions;*
- *General safety on farms: PMPL-T will raise awareness on safe working conditions on farms, including hazardous work such as working at heights (e.g. in Burley curing barns). PMPL-T will conduct additional training to farmers about general safety on farms. In addition, PMPL-T will distribute a first-aid kit to all contracted farmers. This kit will carry the ALP logo and contain items that are needed in case of safety incidents on the farm or in the field. This kit will comply with Polish standard DIN 13164 PLUS;*
- *Tools and equipment storage: in order to improve farmers' practices, PMPL-T will first conduct a safety assessment survey during the 2015 crop. The aim of this initiative is to collect information on farm safety as well as raising the awareness of farmers about safety on farms. The survey was developed in collaboration with PMPL-T's EHS department and the questionnaire leveraged on similar questionnaires developed by the National Labor Inspectorate."*

5.6 ALP Code Principle 6: Freedom of association

Background

Regulations: The freedom of association is granted in Poland by international treaties and local regulations: (i) the *Convention for the Protection of Human Rights and Fundamental Freedoms*; (ii) the *Polish Constitution (art. 58)*; and (iii) other statutes such as the *Law on Associations Act*, the *Trade Unions Act*, the *Foundations Act*, and the *Political Parties Act*.

The freedom of association may be implemented in various forms. The following rules apply to the creation of an association:

- (i) Polish citizens (as well as foreigners who have residence in Poland) can establish an association or join an existing one. Foreigners who do not have residence in Poland can join an existing association if the association's statute provides for it;
- (ii) an association can be established by a minimum of 15 people; and (iii) to establish an association it is necessary for founding members to adopt the following resolutions on: (a) the appointment of the organization; (b) the selection of the funding committee; (c) the adoption of the association's statute; (d) the selection of the association's board and audit committee; (e) the registration of the association with the National Court Register (KRS) whereupon the association

ALP Code Principle 6

Freedom of association

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

acquires its legal personality. An association may be established for any purpose as long as it is legal.

Freedom of association: Overall findings and challenges

5.6.1 Workers' right to freedom of association

CU found no evidence of farmers disrespecting workers' rights to freedom of association.

Freedom of association: Risks

5.6.2 Awareness of freedom of association

Although most of the farmers (95%) and workers (94%) understood the concept behind the 'freedom of association,' they had no practical experience and no worker associations were found to be active in the region. Workers mainly responded that they did not need to associate because they reported that they earned a good salary.

Freedom of association: Analysis and Priorities

Workers were aware of the purpose of associating and farmers reported that they did not interfere with the workers' right to associate. There were no labor unions active for workers to join in the regions visited and therefore this topic was more of a theoretical concept to them. Also, as labor was relatively scarce and workers were earning a fairly good wage, they did not see the need to formally organize themselves.

PMPL-T response: *"Although CU did not find any violation or risk related to their right to freedom of association, this remains an important ALP Code principle. PMPL-T will include the freedom of association as part of the field technicians' training sessions planned for 2015."*

5.7 ALP Code Principle 7: Compliance with the law

Background

Regulations: Workers on tobacco farms are considered to be service providers rather than employees and so are not subject to the *Labor Code*. The service contracts between a farmer and their workers are covered under the scope of the *Civil Code*. These service contracts can only be executed when the person performing the work is not subordinate to the one who commissions the work. It is a "contract for result" which means that the objective is a result rather than the performance the work itself.

ALP Code Principle 7

Compliance with the law

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

Compliance with the law: Overall findings and challenges

5.7.1 Information on legal rights

Before starting work, farmers and workers mainly agreed upon the type of work, the work hours and the wage.

Compliance with the law: Analysis and Priorities

As tobacco workers were not in the scope of the *Labor Code*, there were only limited requirements on the service contract according to the *Civil Code*. Workers were mainly informed about the type of work, the work hours and the wage they would earn. Furthermore there were no additional requirements to the verbal agreement.

PMPL-T response: *"In line with the ALP Code, farmers and growers shall comply with the labor law. As verbal agreements are generally insufficient to achieve that aim, PMPL-T will encourage farmers to produce evidence of such agreements which will be recorded in the toolbox as a minimum. In addition, all field technicians will be re-trained before the beginning of the 2015 crop season, so they are able to clearly explain this principle to growers."*

6. Concluding remarks



THIRD PARTY ASSESSMENT

PHILIP MORRIS POLAND
AGRICULTURAL LABOR PRACTICES PROGRAM

PMPL-T had recently entered into Phase 2 of the ALP program and made progress towards its full implementation, including monitoring and support initiatives to improve labor practices. The impact on communication efforts has led to high awareness levels of farmers on the prioritized principles. Moving forward, PMPL-T will need to further increase and develop the reliability and quality of the data gathered by their ALP systems, such as Prompt Action reporting and the monitoring of labor practices. Gaps were identified, for example, in the knowledge of field technicians regarding the non-prioritized principles and enhancements are required for the systems and forms used to collect and process data. With these improvements, PMPL-T will increase their understanding of the root causes of issues which will contribute to developing more successful initiatives at the farm level.

CU identified a minor number of widespread issues regarding the ALP Code. In addition, the most important systemic issue is the legal status of tobacco workers. As these workers are not subject to the *Labor Code*, they only receive limited legal protection as these agricultural workers are considered to be service providers rather than employees by law.

PMPL-T's response and the proposed ALP Program action plan demonstrate that PMPL-T has analyzed CU's findings and is undertaking steps to address the issues presented by CU in this report. Future assessments will determine whether these action plans have had the desired effect but CU believes that they are feasible as PMPL-T has a strong internal structure for the implementation of the ALP Program which is supported by senior management.

Appendices



THIRD PARTY ASSESSMENT

PHILIP MORRIS POLAND
AGRICULTURAL LABOR PRACTICES PROGRAM

Appendix 1. PMPL-T response and ALP Program action plan

Philip Morris Polska Tobacco Sp. z o.o. (PMPL-T)

PMPL-T welcomes CU for its comprehensive assessment of the ALP Program implementation and the living and working conditions of farmers and workers in farms contracted by Tobacco Producers Groups (TPG) from whom PMPL-T sources tobacco. We believe that CU's report will help PMPL-T to continuously improve and strengthen the implementation of the ALP program.

Being a vertically integrated entity, PMPL-T purchases Flue Cured Virginia and Burley tobaccos directly from TPGs with whom it signs tobacco purchase contracts. The TPGs in turn contract with tobacco growers, the TPG members. However, all advisory activities, including technical assistance and support on the implementation of agronomy programs, are delivered directly to the growers by PMPL-T's agronomy field force. The field technicians and regional supervisors are responsible for implementing agronomy programs and providing information and support on safe and fair tobacco growing practices. This was acknowledged by Control Union during its assessment.

PMPL-T started implementing the ALP Program in December 2011, when it delivered an ALP Phase 1 training to all field technicians. In March 2012, the ALP Program was presented to the board of each of the Tobacco Producers Groups supplying tobacco to PMPL-T that crop year. In June 2012, a comprehensive training on ALP was delivered to all of PMPL-T's field technicians, providing them with information materials for their own use as well as for informing and training farmers during field visits. From July to December 2012, all PMPL-T's growers were trained on ALP, either during group trainings or individual meetings. For the 2012 crop season, PMPL-T completed ALP farm profiles for 100% of contracted farms. Since then, ALP has been integrated into PMPL-T's way of doing business and is an integral part of its relationship with the TGP and farmers.

During 2013, PMPL-T continued to focus on improving field technicians and growers' knowledge of the ALP code, effort that included several refresher trainings on all ALP principles for all contracted growers. PMPL-T also paid particular attention on improving the process for identifying, reporting, and managing Prompt Actions. In addition, to continuously improve internal processes, PMPL-T adapted the ALP Farm Profile forms to better capture the conditions in Poland. The new ALP Farm Profile form was updated to cover 100% of the farms.

In 2014, following PMI's internal review of Phase 1 progress, PMPL-T entered Phase 2 of the ALP program implementation and started farm-by-farm monitoring of all 32 ALP measurable standards. CU's ALP assessment also took place during the 2014 crop season. Although encouraging, CU's findings still reflect the need to implement improvements to the current ALP Program. PMPL-T has developed a plan to address those gaps and risk areas identified by Control Union which is reflected in this document, as follows.

People and processes to manage the ALP program

Since the inception of the ALP program in Poland, PMPL-T has focused its attention on building internal capability, including dedicating resources and providing regular training sessions to all staff involved in its implementation. This has been critical for the successful transfer of knowledge on the ALP Code standards to the TPGs and tobacco farmers.

As of the 2015 crop season, PMPL-T will organize additional training sessions for its FTs on all of the ALP Code principles and measurable standards, at least twice a year. Special emphasis will be given to Forced Labor, Freedom of Association and Compliance with the Law, the ALP Code Principles identified by CU which field technicians were less aware of and found more difficult to explain to growers. After each training session, field technicians will be given a test to assess their knowledge of all ALP Principles and measurable standards, and to gain feedback to tailor future training sessions.

Building Farm Profiles for all contracted farmers

Farm profiles are the cornerstone of the implementation of the ALP program, providing PMPL-T and its field technicians with baseline information for a better understanding of the socio-economic conditions on farms, farmers and workers' needs, as well as potential risks of labor abuse. Therefore, field technicians are required to gather and update the farm profiles to ensure that the data provided by farmers is consistently accurate. In order to better reflect the local reality and capture all relevant information for the implementation of the ALP program in Poland, PMPL-T tailored the ALP Farm profile form for the 2013 crop. The new farm profile form included additional information on food security (food crops grown), as well as country specific regulations relating to the legal working age. PMPL-T analyzed the information collected from the farm profiles each year and, coupled with the information collected by field technicians during farm-by-farm monitoring, provided the baseline for identifying risks and defining key improvement areas for the current and future crop seasons.

As an immediate action after the CU Assessment, PMPL-T analyzed all existing farm profiles, for new and previously contracted growers. At the time of the analysis, PMPL-T verified that the vast majority of farmers had an updated farm profile for the 2014 crop season. All the remaining farm profiles referred to the 2013 crop season and were updated before the end of 2014.

Prompt Actions

Field technicians were instructed to take a proactive approach to identify, report, and address prompt action situations during farm visits. For the 2014 crop season, field technicians recorded 21 prompt actions. As a result, PMPL-T provided additional training to the farmers on the relevant principles and conducted follow-up visits to monitor progress. Only one situation leading to a prompt action was observed later on. However, PMPL-T acknowledges the importance of continuing to improve the ability of field technicians to record prompt action issues, particularly those related to child labor.

Therefore, PMPL-T will conduct additional trainings for field technicians on prompt actions based on real examples. As of crop 2015, field technicians' ALP toolbox will include a list of potential prompt action issues to help them properly classify observed situations as prompt actions and to increase their confidence to correctly record and escalate issues to their supervisors.

The process for handling prompt actions is as follows:

1. Field technician identifies prompt action issue
2. The activity qualified as a prompt action is stopped
3. Field technician has a conversation with the farmer
4. Field technician assesses the situation and agrees on an improvement plan with the farmer
5. Field Technician records the prompt action issue and reports to the supervisor and/or ALP Country Team, providing information on the action taken, solution agreed with the farmer, and next steps
6. Field technician' supervisors and/or ALP Country team assesses potential scale of the problem and provides feedback to the field technician. Depending on the severity of the issue, escalation to ALP Steering Committee might take place.
7. Continue monitoring to ensure the implementation of the improvement plan agreed with the grower, as well as to assess unintended consequences (e.g. retribution to workers)

Prompt Actions	2015											
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Prompt actions list definition/extension												
Prompt actions process review												
Prompt actions re-training												
Prompt action rewarding system establishment												
Prompt actions detailed monitoring												

Additionally, an ALP monitoring recognition and rewards system is being considered for field technicians to promote their understanding of the importance of recording prompt actions to address issues, keep track of agreed solutions with farmers and, ultimately to bring about a change in living and working conditions on farms.

Monitoring of labor practices farm by farm

During the 2014 crop season, each field technician conducted at least three field visits covering the different stages of the crop. In order to improve farm-by-farm monitoring and allow FTs more time to gather information and verify its accuracy, PMPL-T decided to increase the number of farm visits. As of 2015, each field technician will conduct one additional visit, totaling at least four field visits per year. In addition, PMPL-T re-trained all field technicians on all of the ALP Code principles and measurable standards.

Communicating the ALP Code requirements to all farmers

As a result of the refresher training sessions to improve field technicians' knowledge of ALP, farmers' understanding of all ALP principles is expected to increase over time. Communication materials will also be tailored to the Polish market to make them more effective and readable for growers. In addition, a recognition system will be implemented and those farmers fully complying with the ALP Code will be awarded a certificate of ALP leadership for the 2015 crop season.

People and processes to manage ALP	2015											
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
ALP Compliance certificate design and procurement												
Establish and approve the regulations of the competition "Farms comply with ALP"												
ALP Compliance certificate information campaign												
ALP competition results and certificate distribution												
Re-vamp of ALP handouts and procurement												
ALP handouts distribution (part 1 - pens)												
ALP handouts distribution (part 2 - posters and reflective armband)												

Address systemic and widespread issues

CU's findings are generally in line with the priority areas previously identified by PMPL-T through its internal monitoring processes. Therefore, PMPL-T will continue to focus on the following priority areas:

- Child labor: children helping on family farms with a particular emphasis on hazardous tasks;
- Income and work hours: minimum wage and payment registration;
- Safe work environment: proper CPA storage, re-entry period warnings, general safety on farms (e.g. tools and equipment storage).

PMPL-T will take additional steps to raise awareness and educate farmers on child labor. Refresher training will cover all of the ALP principles and measurable standards during the pre-season meeting and field days (for groups), and will form part of the regular farm monitoring visits (individual) throughout the 2015 crop season.

Regarding the ALP Code Principle Income and Work Hours, and although Polish farmworkers are subject to civil law, PMPL-T implemented CU's recommendation that farmers pay workers according to the labor law, which ensures they get paid above the minimum wage. PMPL-T will continue to monitor the payment practices of farmers to workers.

During the 2014 crop, a "farmer book" was delivered to all farmers to help them improve the way they manage their farms. PMPL-T will develop additional solutions to enhance the organization and efficiency of their farms (e.g. store all documents related to tobacco business in one place, crop calendar, CPA registration sheet, invoices, expenses, worker payment's records, etc.).

During the 2015 crop, field technicians will continue to pay particular attention to how farmers handle and store CPAs (e.g. proper marking, including warning labels and secure lockers). PMPL-T will distribute additional warning labels to farmers for their CPA lockers.

ALP Code Principle 1: Child labor

CU's findings concerning child labor are consistent with PMPL-T's preliminary analysis of the farm profiles and the priorities that were set for the 2014 crop season. The potential risk of children being engaged in tobacco production on family farms, including harvesting and other hazardous tasks, had been identified by the PMPL-T's field technicians and considered a priority area.

CU's report clearly states that PMPL-T's communication efforts on child labor seem to have been effective as the majority of the farmers was aware of the legal minimum working age and hazardous tasks.

PMPL-T identified one of the root-causes for child labor on family farms was the lack of options for child care during the school holidays. For this reason, parents are forced to take their children to the field with the risk that they are then involved in child labor.

PMPL-T will take additional steps to raise awareness and educate farmers on child labor. Refresher training will cover all ALP principles and measurable standards during the pre-season meetings and field days (group), as well as being part of regular farm monitoring visits (individual) throughout the 2015 crop season. PMPL-T will focus its efforts on continuous improvement to ensure that farmers are aware of their obligations and the ALP standards.

Given that the observations of Control Union were not confirmed by field technicians, PMPL-T will intensify its efforts to monitor and record every case of child labor.

ALP Code Principle 2: Income and work hours

In Poland it is common practice that the workers helping farmers with the tobacco crop are themselves farmers and thus insured. In other cases where an employment contract is signed, insurance is mandatory and is in place.

Regardless of the legal relationship with their workers, PMPL-T recommends that farmers pay at least the equivalent to the minimum legal wage as per the ALP standards and Polish Labor Law, which is stricter than the civil law that covers workers.

Farmers were trained to record payments to workers properly. Additionally, during the 2014 crop season, field technicians distributed a simple form to all farmers for the registration of their cost of production which included inputs for labor cost registration. In 2015, PMPL-T's field technicians will conduct additional training on how to register the cost of production, including labor related costs, during regular visits.

There is also a need to implement a program for growers to gradually increase compliance with ALP in their relationship with workers. If workers are not covered by the Labor Code, there is no legal instrument to compel farmers to incorporate

the legal benefits and social security. In particular, the latter is governed by specific regulations. PMPL-T will explore further opportunities to engage with external stakeholders in order to find support for such initiatives.

ALP Code Principle 3: Fair treatment

Despite the fact that CU's audit found no evidence of unfair treatment, this principle remains important for avoiding potential blind spots. All field technicians were re-trained to be able to clearly explain this principle to growers. This should help ensure that activities like discrimination, violence or harassment do not go unnoticed.

Support mechanism

During the 2014 crop season, PMPL-T promoted a state-operated grievance mechanism in order to assess its effectiveness. Given the lack of information about its usage and in line with CU's findings, PMPL-T intensified its efforts to implement a new approach in 2015.

In July 2015, PMPL-T launched a support mechanism pilot. It consisted of an effective process for collecting farm workers' grievances or concerns, as well as farmers' and workers' questions. The support mechanism provided both workers and farmers with a telephone number and a third-party NGO to assess each situation, providing advice and follow up on grievances. In addition, the support mechanism provided support to field technicians for those prompt action issues which they did not know how to deal with. For the pilot implementation, PMPL-T selected the region with the highest concentration of contracted farmers (around 800 Flue Cured farmers, accounting for up to 3,000 workers). This region was near to the Ukrainian border where several migrants were found working in 2014. PMPL-T will evaluate the effectiveness of the support mechanism in 2015.

ALP Support mechanism	2015											
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Define scope and objective												
In co-operation with CA find external company												
Prepare contract and training for the contractor												
Prepare and run information campaign												
Support mechanism operation												
Support mechanism data evaluation												
Corrective actions based on SM data												
Project reporting preparation and publication												

ALP Code Principle 4: Forced labor

Although CU's audit found no evidence of forced labor, field technicians will continue to pay attention to the possible risks associated with this principle. It will require FTs to increase and maintain their own level of knowledge. PMPL-T has re-trained all of its field technicians on all of the ALP Code Principles, including forced labor.

ALP Code Principle 5: Safe work environment

In 2014, Field technicians provided every farmer with a promotional kit aimed at improving farm safety, particularly during harvesting and the preparation and application of crop protection agents. The kit included gloves primarily for preventing GTS and CPA exposure during harvesting, as well as protecting tobacco from contamination with non-tobacco related materials (e.g. plastic, rubber), goggles for use when handling crop protection agents and a face mask to protect farmers and workers against, among others: dust, fumes and aerosols of solid and liquid particles with a maximum acceptable concentration of 10 units. Going forward, PMPL-T will ensure that all materials provided to farmers are adequate for the purpose for which they were intended. Double checks will be made of product specifications versus requirements.

- With regards CU's findings, PMPL-T will implement the following initiatives in 2015:
- Re-entry period: PMPL-T will check CPA documentation and include re-entry requirements in the TPG's contract clauses. PMPL-T will also organize a group training for growers which will cover the re-entry period requirements. The training will take place prior to the 2015 crop season (in pre-season meetings);
- CPA storage: in addition to a refresher training to all growers, PMPL-T produced and distributed additional CPA warning stickers. Field technicians will also pay special attention to CPA storage during farm visits. Field technicians will record non-compliances in continuation sheets, agree on improvement plans and follow-up with farmers on the agreed actions;
- General safety on farms: PMPL-T will raise awareness on safe working conditions on farms, including hazardous work such as working at heights (e.g. in Burley curing barns). PMPL-T will conduct additional training to farmers about general safety on farms. In addition, PMPL T will distribute a first-aid kit to all contracted farmers. This kit will carry the ALP logo and contain items that are needed in case of safety incidents on the farm or in the field. This kit will comply with Polish standard DIN 13164 PLUS;
- Tools and equipment storage: in order to improve farmers' practices, PMPL-T will first conduct a safety assessment survey during the 2015 crop. The aim of this initiative is to collect information on farm safety as well as raising the awareness of farmers about safety on farms. The survey was developed in collaboration with PMPL-T's EHS department and the questionnaire leveraged on similar questionnaires developed by the National Labor Inspectorate.

Furthermore, a tailor made communication on safety, environmental protection, and compliance with relevant regulations on farms will be provided to contracted farmers, including handling crop protection agents, disposal of empty containers and/or re-cycling. Farmers' understanding of the information distributed will be further assessed at the end of the 2015 crop season.

Field technicians will continue to raise awareness of GTS prevention during their regular farm visits. Field technicians will also pay special attention to the risks of exposure to GTS as part of the farm-by-farm monitoring.

Safety on farms	2015											
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Evaluate results of 2014 survey (PPE)												
Prepare conclusions and next steps												
Select and order first aid-kit for growers												
Establish scope and criteria in collaboration with EHS												
Identify and co-operate with stakeholders												
Prepare safety assessment checklist/form												
Prepare training materials and conduct FTs trainings												
Evaluate impact of PPE distributed in previous year												
Farm safety assessment and first-aid kit distribution												
Project reporting preparation and publication												

ALP Code Principle 6: Freedom of association

Although CU did not find any violation or risk related to their right to freedom of association, this remains an important ALP Code principle. PMPL-T will include the freedom of association as part of the field technicians' training sessions planned for 2015.

ALP Code Principle 7: Compliance with the law

It is important to understand the situation of the Polish tobacco farm sector and through this perspective look at employer-employee relationships. Polish tobacco is produced mainly by smallholder farmers who grow on average 1-2 ha of tobacco using limited external labor. In addition, for tobacco most of the tasks require qualified and skilled personnel. With tobacco growing in Poland, the relationship between the farmer and his workers is often impacted by the fact that most of workers are also tobacco farmers themselves.

For workers hired on the basis of the Civil Code, the provisions of the Labor Code (which regulates in detail the fair treatment of employees) are in general not applicable. However, there are special regulations regarding fair treatment which relate to hired workers under the Civil Code, including provisions such as:

(a) each worker employed on the basis of a Civil Code contract has the right that their dignity and other personal interests be respected by the person for whom they work and by other workers.

(b) there is a ban on unequal treatment (e.g. harassment, sexual harassment, as well as less favorable treatment of the individual resulting from the rejection of harassment or sexual harassment, or submission to harassment or sexual harassment, and to encourage such behavior and ordering of these behaviors).

In line with the ALP Code, farmers and growers shall comply with the labor law. As verbal agreements are generally insufficient to achieve that aim, PMPL-T will encourage farmers to produce evidence of such agreements which will be recorded in the toolbox as a minimum. In addition, all field technicians will be re-trained before the beginning of the 2015 crop season, so they are able to clearly explain this principle to growers.

PMPL-T understand that in most cases workers may prefer to have civil law contracts, even if they do not have the same level of protection as labor code provisions. This is because the type of work is more typical of contractual and partnership relations, than that of employer-employee. Moreover, workers often find that the relationship with farmers under the civil law is more beneficial.

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.⁶
- 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 15⁷ 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.
- 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.

⁶ As an exception, pursuant to ILO Convention 138, developing countries may under certain circumstances specify a minimum age of 14 years.

⁷ 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".

- 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.